

## Risk Factors Comparison 2024-12-30 to 2024-01-12 Form: 10-K

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Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the sections titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before making a decision to invest in our common stock. Our business, financial condition, results of operations, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. If any of the risks actually occur, our business, financial condition, results of operations, and prospects could be adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment. Risks Related to Our Business and Industry Growth of the Company’s customer base could be limited by delays or difficulties in completing development and introduction of planned products or product enhancements. If the Company fails to enhance existing products, or to develop and achieve market acceptance for flat panel displays, flight **control computers, display generators, flight** management systems, autothrottle technology and other new products that meet customer requirements, its business, ~~reputation~~ **financial condition** and **statements results of income operation** may be affected adversely. The Company spends a large portion of its **R & D research and development** efforts in developing and marketing the FPDS, FMS, ThrustSense® Autothrottle and complementary products. The Company’s ability to grow and diversify its operations through **the** introduction and sale of new products is dependent upon its continued success in product development and engineering activities, its sales and marketing efforts, **its ability to acquire new products from strategic partnerships and acquisitions**, and its ability to obtain necessary regulatory approvals to sell such products. Sales growth will depend in part on market acceptance of and demand for the FPDS, FMS, ThrustSense® Autothrottle and **any products we develop in the future products**. The Company cannot be certain that it will be able to develop, **acquire**, introduce or market its FPDS, FMS, ThrustSense® Autothrottle or other new products or product enhancements in a timely or cost-effective manner, or that any new products or product enhancements will receive market acceptance or necessary regulatory approval. In addition, the Company’s business is dependent upon maintaining its reputation and relationships with existing customers **and potential partners**. If the Company’s performance or the performance of the Company’s products does not meet its customers’ expectations, the Company’s reputation and its relationships could be damaged, which may have a material adverse impact on the Company’s business ~~and statements of income~~, **including reductions financial condition and results of operations**. **Growth of the Company’s customer base could be limited by delays or difficulties in sales completing development and introduction of planned products or product enhancements. Our growth strategy is dependent in part upon our successful entry into new markets**. In seeking new customers, the Company may have difficulty in displacing the products of incumbent competitors **who are more familiar with such markets and the needs of target customers**. The Company cannot be assured that potential customers will accept its products or that existing customers will not abandon them. **Similarly** Contracts can be terminated by many of the Company’s customers at any time and, therefore, may not result in sales. The Company’s contracts, including contracts with government agencies, include various terms and conditions that impose certain requirements on the Company, including the ability of the government agency or general contractor to alter the price, quantity or delivery schedule of the products. Additionally, government agencies and general contractors typically retain the right to terminate the contract at any time at their convenience. Upon alteration or termination of these contracts, the Company is entitled typically to an equitable adjustment to the contract price so that it would be compensated for delivered items and allowable costs incurred. However, because these contracts can be terminated for convenience, the Company cannot be assured that its backlog will result in sales. The Company enters into fixed-price contracts or service arrangements to perform specified design and EDC services related to its products that could subject the Company to losses in the event the Company incurs cost overruns on its projects. During fiscal year 2023, approximately 3.3% percent of the Company’s total sales were from fixed-price EDC arrangements with customers to perform specified design and EDC services related to its products. These arrangements allow the Company to benefit by recovering some of its product development costs, but it carries the risk of potential cost overruns. If the Company’s initial cost estimates are incorrect, it can incur potentially large one time charges and losses on these contracts. These EDC arrangements can expose the Company to potential losses because the customer may compel the Company to complete a project or, in the event of a termination for default, pay the incremental cost of its replacement by another provider. Because some of these projects involve new technologies and applications, and can last for more than a year, unforeseen events such as technological difficulties, fluctuations in the price of raw materials, problems with subcontractors, and cost overruns can result in the contractual price becoming less favorable or even unprofitable to the Company over time. Furthermore, if the Company does not meet project deadlines or if its products do not meet customer specifications, it may need to renegotiate contracts on less favorable terms, be forced to pay penalties or liquidated damages, or suffer losses if the customer exercises its right to terminate. The Company’s results of operations are dependent on its ability to maximize earnings from the EDC service arrangements. Lower earnings caused by cost overruns could have a negative impact on the Company’s financial condition, operating results and cash flows. A portion of the Company’s sales come from government contracts, which could be adversely affected by continued high U. S. federal budget deficits. Government contracts are also subject to special risks as a result of the U. S. government’s audit practices. A portion of the Company’s sales has been, and is expected to continue to be, from defense contractors or government agencies in connection with government aircraft retrofit or OEM contracts. Sales to government contractors and government agencies could decline as a result of DoD spending

cuts and general budgetary constraints, which may become more severe as the federal budget deficit remains high. In addition, the U. S. government regularly conducts investigations, inquiries and audits into its suppliers' compliance with procurement regulations and performance under the relevant government contracts. If an investigation reveals or an audit finds that the Company violated applicable law or regulations, its government contracts could be terminated and it could be restricted from future procurement activities. Moreover, if an investigation, inquiry or audit finds that the Company acted improperly or was involved in illegal activities, the Company could be subject to civil penalties, criminal penalties, and administrative sanctions. As a result, the Company's reputation could be harmed even if the allegations were later determined to be false. Reductions in government expenditures could adversely affect the Company's business. Reductions in funding of the DoD and U. S. defense spending could have significant consequences to the Company's business and industry. The impact of any such reductions in defense appropriations and /or reductions in U. S. defense spending could result in delays in procurement of products and services due to lack of funding, and negatively affect the Company's revenues, financial condition and results of operations.

The loss of a key customer or a significant deterioration in the financial condition of a key customer could have a material adverse effect on the Company's results of operations. The Company's revenue is concentrated with a limited number of customers. During fiscal year 2023 the Company derived 54 % of revenue from the top five customers. The Company continues to expect a relatively small number of customers to account for a majority of its revenues for the foreseeable future. As a result of the concentrated customer base, a loss of one or more of these customers or a dispute or litigation with one of these key customers could affect adversely its revenue and results of operations. The Company monitors and evaluates the credit status of its customers and attempts to adjust sales terms as appropriate. Despite these efforts, a significant deterioration in the financial condition or bankruptcy filing of a key customer could affect adversely the Company's business, results of operations, and financial condition. In addition, the Company is subject to credit risk associated with the concentration of accounts receivable from its key customers. If any of the Company's top customers were to become bankrupt or insolvent or otherwise were unable to pay for the products and services provided by the Company, then **the nature** the Company may incur significant write-offs of **accounts receivable, incur other impairment charges..... value compared to other currencies could render the Company's products less**, **potential customers may not be willing to expend the resources and effort required to replace existing competitive in technology and parts with** the international markets. In the future, the Company may be required to conduct sales in the foreign country's local currency, thus exposing **products. If the Company fails to modify or improve its products to fluctuations and volatility in exchange rates that response to evolving industry standards and government regulations, its products rapidly could become obsolete** adversely affect its operating results. Further, **Our products must continue to evolve** as we pursue customers in Asia and other **the industry evolves** less developed markets throughout the world, our potential inability to ensure the creditworthiness of counterparties could impose additional risks and **simultaneously continue to comply with** affect our overall profitability. Emerging market operations in particular can present many risks, including volatility in gross domestic product, economic and government **standards** instability, and the imposition of exchange controls and capital controls. **Future** These factors and their impact are difficult to predict, and any one or more of them could have a material adverse effect on our competitive position, results of operations **generations**, cash flows or financial condition. The Company's competition includes other manufacturers of **flat panel displays, air data systems and flight information displays** against whom it may not be able to compete successfully. The markets for the Company's products are intensely competitive and subject to rapid technological change. Competitors include Honeywell, **engine** Collins Aerospace, Thales Defense & Security..... manage its business effectively, and an **and fuel** inability to retain its key employees and..... including **air data systems, flat panel displays, flight management systems and computers** autothrottle technology; • delays in introducing or obtaining government approval for new products; • new product introductions by competitors; • changes in the Company's pricing policies or pricing policies of competitors; and • costs related to possible acquisition of technologies or businesses. If the Company is unable to respond to rapid technological change, its products could become obsolete and its reputation could suffer. Future generations of flat panel displays, air data systems, engine and fuel displays, flight management systems and autothrottle technology which embody new technologies or new industry standards could render the Company's products obsolete. The market for aviation products is subject to rapid technological change, new product introductions, changes in customer preferences, and evolving industry standards and government regulations. The Company's future success will depend on its ability to: • **embrace rapidly changing technologies;** • **develop and introduce timely, high-quality, cost-effective new products and product enhancements to address the increasingly sophisticated needs of its customers; and** • adapt the Company's products to evolving industry standards and government regulations; and **These factors may be** • **develop and introduce timely, high-quality, cost** **costly** effective new products and product enhancements to address **the Company, and the there** increasingly sophisticated needs of **is no assurance that the Company will be successful in** its **strategy** customers. If the Company fails to modify or improve its products in response to evolving industry standards and government regulations, its products could rapidly become obsolete. The Company's products are currently subject to direct regulation by the FAA and other equivalent organizations. The Company's products, as they relate to aircraft applications, must be approved by the FAA, EASA, or other equivalent organizations before they can be installed in an aircraft. To be certified, the Company must demonstrate that its products are accurate and able to maintain certain levels of repeatability over time. Although the certification requirements of the FAA and EASA are substantially similar, no formal reciprocity exists between the two regulators. Accordingly, even though the Company's products are **approved by the** FAA approved, the Company may need to obtain approval from EASA or other appropriate organizations to have them certified for installation outside the **U** United States . **S. 20**Significant **Significant** delay in receiving certification for newly developed products or enhancements to the Company's products, or the loss of certification for its existing products, could result in lost sales or delays in sales. **Furthermore, new regulations or product standards, and changes to existing product standards could require the Company to change its products and underlying technology.** The Company cannot ensure that it will receive regulatory approval on a timely basis or at all.

Inasmuch as Furthermore, new regulations or product standards, and changes to existing product standards could require the Company to change its products and underlying technology and expend significant costs to come into compliance. Many of our customer contracts additionally require us to comply with strict industry standards. The policies and regulations applicable to the Company may be modified, interpreted, and applied inconsistently, which may result in the Company's noncompliance with applicable rules. If the Company is found to be noncompliant with applicable regulations or rules imposed by certain contracts, the Company may face significant fines, reputational harm, and other regulatory consequences (such as, loss of certain certifications or operational restrictions). Any of the foregoing consequences may adversely affect the Company's business, financial condition and results of operations. We design, manufacture and service products that incorporate advanced technology technologies; the introduction of new products and are deployed technologies involves risks, and we may not realize the degree or timing of benefits initially anticipated. The design, development, production, sale and support of innovative commercial aerospace and defense systems and products involves advanced technologies. We invest substantial amounts in research and development efforts to pursue advancements in a wide range of technologies, products and services aimed at meeting the ever-evolving product, program and service needs of our customers. Our ability to realize the anticipated benefits of our investments depends on a variety of factors, including meeting development, production, certification and regulatory approval schedules; receiving regulatory approvals; execution of internal and external performance plans; achieving cost and production efficiencies; availability and quality of supplier- and internally- produced parts and materials; availability of supplier and internal facility capacity to perform maintenance, repair and overhaul services; availability of test equipment; development of complex software; hiring and training of qualified personnel; identification of emerging technological trends for our target end- customers; the level of customer interest in new technologies and products and customer acceptance of our products and technologies. For example, our customers manufacture or acquire end products and systems that incorporate certain of our products. These end products and systems may also incorporate additional technologies manufactured by third parties and involve additional risks and uncertainties. As a result, the performance and industry acceptance of these larger systems and end products could affect the level of customer interest in and acceptance of our products in the marketplace. In addition, many of our products must adhere to strict regulatory and market- driven safety and performance standards in a variety of jurisdictions. The evolving nature of these standards, along with the long duration of development, production and aftermarket support programs, creates uncertainty regarding program profitability, particularly with our aircraft cockpit environments engine products. Development efforts divert resources from other potential investments in our businesses. problems with and these efforts may not lead to the development of new technologies or products on a timely basis or meet the needs of our customers as fully as competitive offerings. In addition, the industries for our products or products that incorporate our technologies may not develop or grow as we anticipate. We or our customers, suppliers or subcontractors may encounter difficulties in developing and producing new products and services, and may not realize the degree or timing of benefits initially anticipated or may otherwise suffer significant adverse financial consequences. Due to the design complexity of our products or those of our customers or third party manufacturers that incorporate our products into theirs or our customers' products, we may experience delays in completing the development and introduction of new products or we may experience the suspension of production after these products enter may arise that could harm the Company's reputation for quality assurance and, consequently, its business prospects. The Company's products use complex system designs and components that may contain errors, omissions, or defects, particularly when the Company incorporates new technologies into service due its products or when it releases new versions or enhancements of its existing products. Despite the Company's quality assurance process, errors, omissions or defects could occur in its current products, in new products, or in new versions or enhancements of existing products. The Company may be required to safety concerns redesign or recall those products or pay damages. Such Delays an and event / or suspension of production could result in increased the following: • delay or loss of revenues; • cancellation of customer contracts; • diversion of development costs or deflect resources from ; • damage to the other projects Company's reputation; • increased service and warranty costs; or • litigation costs. Any The Company's product liability insurance, may not be adequate to cover its losses in the event of the foregoing could have a large product liability claim. In addition material adverse effect on our competitive position. business, financial condition and results of operations the Company may not be able to maintain such insurance in the future. We 13We may pursue strategic acquisitions, investments, strategic partnerships, product line acquisitions or other ventures, and our business could be materially harmed if we fail to successfully identify, evaluate, complete, and integrate such transactions. Acquisitions, including the Transaction, involve inherent risks that may adversely affect our operating results and financial condition. The Company may be unable to successfully integrate and realize the anticipated benefits of the Transaction recent acquisitions. Our growth strategy includes evaluating acquisition opportunities and opportunities to make investments in complementary businesses, technologies, services or products, or to enter into strategic partnerships with parties who can provide access to those assets, additional product or services offerings, additional distribution or marketing synergies or additional industry expertise. One example is the recent asset acquisition of certain inertial, communication and navigation product lines from Honeywell. We may not be able to identify suitable acquisition, investment or strategic partnership candidates, or if we do identify suitable candidates in the future, we may not be able to complete those transactions with such partners on commercially favorable terms, or at all. Our ability to find partners to further our growth strategy is likely to be affected by factors outside of our control in the aerospace industry such as pilot unions, pilot shortages and labor strikes, including other economic and geopolitical factors. Any one of these factors may impede our ability to find strategic partners. Acquisitions, including the Transaction, involve various inherent risks, such as: our ability to assess accurately the value, strengths, weaknesses, internal controls, contingent and other liabilities and potential profitability of acquisition candidates; difficulties in integrating acquired businesses, including the

potential loss of key personnel from an acquired business, our potential inability to achieve identified financial, operating and other synergies anticipated to result from an acquisition, and integration issues associated with internal controls of acquired businesses; the diversion of management's attention from our existing businesses; the potential impairment of assets; potential unknown liabilities associated with a business that we acquire or in which we invest, including environmental liabilities; new and proposed regulations limiting the enforcement of noncompetition and nonsolicitation agreements; and production delays associated with consolidating acquired facilities and manufacturing operations. Any past or future acquisition, including the Transaction, could also result in such risks. Due diligence performed prior to closing acquisitions may not uncover certain risks or liabilities that could materially impact our business and, financial condition and results of operations. We may not successfully integrate business, operational, and financial activities such as internal controls, the Sarbanes- Oxley Act of 2002, as amended (the "Sarbanes- Oxley Act") compliance, cyber security measures, the GDPR and similar privacy laws and other corporate governance and regulatory matters, operations, personnel or products related to acquisitions we may make in the future. **Over We closed the past Transaction in June 2023 and are working to two integrate the Honeywell years, we have acquired several product lines from Honeywell to enhance the Company's current offerings in various markets, including communication and navigation product lines and display generators and flight control computers. As the assets acquired from Honeywell are intended to further the Company's revenue in the retrofit market and are intended to be incorporated into U. S. government contract work, the Company must comply with further regulatory requirements, including heightened security measures, that it may not achieve. If the Company fails to obtain all regulatory approvals required to use the Honeywell assets as intended, the Company may fail to realize the anticipated benefits of these transactions in a timely manner or business at all, as it may not be able to generate any revenue in the intended markets.** The success of the Transaction Honeywell acquisitions, including anticipated benefits and potential additional revenue opportunities, will depend, in part, on the Company's ability to successfully integrate the Honeywell product lines in a manner that results in various benefits, including, among other things, enhancing the Company's current offerings in the air transport, military and business aviation markets, creating potential cost synergies, accelerating the Company's growth and enhancing its global reputation. The ongoing process of integrating the Transaction Honeywell assets could result in a loss of 21 key key personnel, cause an interruption of, or loss of momentum in, the activities of one or more of the Company's businesses or inconsistencies in standards, controls, procedures and policies and impair that adversely affect the ability of the Company to maintain relationships with customers and employees. The diversion of management's attention from other business concerns and any delays or difficulties encountered in connection with the integration of the Transaction Honeywell assets could have an adverse effect on the business, financial condition, operating results and prospects of the Company. If the Company experiences difficulties in the integration process, including those listed above, the Company may fail to realize the anticipated benefits of the Transaction in a timely manner or at all. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues, lost cost savings and revenue opportunities and diversion of management's time and energy, and could have an adverse effect on the Company's business, financial condition and, operating results and prospects of operations. If Additionally we fail to successfully may incur significant costs and risks in integrate integrating such Honeywell product lines, including the risk of additional demands on our resources, systems, procedures and controls. We may also incur significant transaction costs in, or any future transactions, our business could be materially harmed. In connection with our future acquisitions, including those acquisitions that we do not complete for any reason, we may incur significant transaction costs. We are required to expense such transaction costs as incurred, which may have a material adverse impact on our financial results. Risks **The Company's revenue and operating results may vary significantly from quarter to quarter, which may cause its stock price to decline. Historically, the Company's revenue and operating results have varied from quarter to quarter, and may continue to vary, which may adversely affect our business, financial condition and results of operations, and cause our stock price to decline. As such, our historical 14 results of operations should not be relied upon as accurate indications of future performance. Variance in the Company's revenue may be caused by multiple factors, including:**

- demand for products and / or delivery schedule changes by its customers;
- capital expenditure budgets of aircraft owners and operators, and appropriation cycles of the U. S. government and foreign governments;
- changes in the use of the Company's products, including air data systems, flat panel displays, flight management systems, autothrottle technology display generals and flight control computers;
- delays in obtaining government approval for new products;
- new product introductions by competitors;
- changes in the Company's pricing policies or pricing policies of competitors; and
- costs Related-related to Intellectual Property possible acquisition of technologies or businesses. Privacy including the cost to pursue and negotiate acquisitions and integrate such products and business thereafter. Many of these factors are outside of the Company's control, and difficult to predict. The unpredictable nature of the Company's business and results of operations could result in revenue that is lower than anticipated. If we fail to perform as investors or other analysts may have anticipated, our stock price may delice as a result. Our sales in the commercial aircraft market are subject to downturns affecting the aerospace industry generally. Sales of our products may be impacted by downturns in the global economy within the industry in which we operate and can adversely affect our business, financial condition and results of operations. For example, in recent years, sales across the commercial OEM sector saw a decline due in large part to the decrease in production by Boeing and Airbus related to reduced demand for commercial air travel because of the COVID- 19 pandemic. Similarly, the operation of an aircraft is inherently subject to various risks, and the technological advances, including those contained in our products and services, may be impacted by safety hazards or accidents. Any mechanical error or adverse external condition may result in death or injury to personnel and passengers, which could impact customer and consumer confidence in the aerospace industry. Reduced confidence in the safety and reliability of the air transportation services industry could lead to a reduction in demand for the Company's products and services, particularly if such accidents or

disasters were due to a safety fault. Due to the inherent nature of our products and the industry in which we operate, a product safety failure or quality issue could seriously harm our business. There can be no assurance that the complex system designs and components contained in the Company's products were not designed with, or manufactured containing, errors, omissions, or defects, particularly when the Company incorporates new technologies into its products or when it releases new versions or enhancements of its existing products. Any failure or error in the Company's products during a flight presents a substantial risk to the operation of the aircraft, as products provide information necessary for a safe and efficient flight, and as a result, a risk to the safety of persons aboard such flights. In the event a defect or error is detected in any of the Company's products, the Company may be required to issue a recall, face liability in litigation or pay damages, which may result in a delay or loss of revenues, cancellation of customer contracts, damage to the Company's reputation, and litigation costs. Additionally, such occurrences could materially impair the production of our products, result in damage to equipment, personal injury or death, and potential legal liability. Although we currently maintain insurance in amounts which we consider adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or we may elect in the future not to insure against such liabilities due to high premium costs or other reasons, in which event we could incur significant costs that could have a materially adverse effect upon our business, financial condition and results of operations. 15We serve a limited number of customers and face customer concentration risk. The Company's revenue is concentrated in a limited number of customers. During fiscal year 2024 the Company derived 36 % of its revenue from a limited number of customers. The Company continues to expect a relatively small number of customers to account for a majority of its revenue for the foreseeable future. Any disruption in the Company's business with those customers, whether as a result of changes in demand for the customer's services, adverse changes in the customer's industry generally or other challenges in securing or renewing contracts, could have a material adverse impact on our business, financial condition and results of operations. Additionally, much of the Company's revenue is concentrated in contracts in the retrofit market with the U. S. government (including the DoD, the Department of Interior and the Department of Homeland Security) and foreign governments. Retrofit contracts with the DoD typically are not required to be renewed by the DoD, and are terminable by the DoD at their convenience. Contracts with foreign governments may contain similar provisions. There can be no assurance that we will continue to be awarded contracts by the U. S. government or any foreign government, as the market for the Company's products is highly competitive. Our customers may terminate their contracts with us at any time. In general, the Company's customer contracts typically contain provisions which permit the customer to terminate the agreement for their convenience, at any time. There can be no assurance that any of the Company's customers will continue their contractual relationship and obligations with the Company, and therefore, we cannot guarantee any future sales. Given the Company's limited customer concentration, if customers terminate their contracts with the Company without cause, prior to its expiration date, the Company's business, financial condition and results of operations would likely be harmed. Changes in U. S. government priorities, spending levels and response to world events could adversely affect the Company's ability to maintain or grow the revenue the Company receives through government contracting. A significant portion of the Company's sales derives from defense contractors or U. S. government agencies in connection with government aircraft retrofit or OEM contracts. Defense spending may be impacted by various factors, including the changing political environment and shifts in domestic and international markets and priorities, and ongoing and emerging conflicts. The impact of any such reductions in defense appropriations and / or reductions in U. S. defense spending could result in delays in procurement of products and services due to lack of funding, and negatively impact the Company's business, financial condition and results of operations. Defense spending may also be reduced as a result of the change in presidential administration, and other political factors affecting the U. S. government such as budget deficits, spending priorities (such as, pandemics or emerging conflicts), pressures related to the cost of sustaining the U. S. military presence internationally and reducing U. S. military presence generally, and the ability of the government to efficiently enact appropriations bills and other relevant legislation. While we are unable to precisely predict what actions the new administration will take, President-elect Donald Trump has indicated that his administration will treat national security much differently than the current and previous presidential administrations. While difficult to predict, the new administration's policies to reduce U. S. military presence and foreign military aid could result in a decrease in defense spending, and negatively impact the Company's revenue in the retrofit market. Additionally, U. S. government contracts are funded by agency budgets that operate on a fiscal year basis. As a result, government contracts are often not fully funded at inception. The remaining funds are only made available as appropriated by Congress over time, and thus subject to delay. Further, congressional appropriation and presidential approval are required for funding the governmental agencies with which we contract. In the past few years, the government has not been able to complete its budget process before the end of its fiscal year, resulting in government shutdowns, as well as insufficient funding for government agencies. As a result, our sales revenue in the retrofit market are vulnerable to both delays in funding and reductions in spending. If our government contracts are not fully funded, or significant programs or contracts with the U. S. government are terminated, our business, financial condition and results of operations would be substantially adversely affected. Geopolitical factors and changes in policies and regulations could adversely affect our internal business. Our international sales and operations are sensitive to changes in foreign national priorities, foreign government budgets, and regional and local political and economic factors, including volatility in energy prices or supply, political or civil unrest, changes in threat environments and political relations, military conflicts, geopolitical uncertainties, and changes in U. S. foreign policy. Our international sales and operations are also sensitive to changes in foreign government laws, regulations and policies, including those related to tariffs, sanctions, embargoes, export and import controls and other trade restrictions. Events

such as increased trade restrictions or retaliatory trade policies, renegotiation of existing trade agreements, or regime change can affect demand for our products and services, the competitive position of our products, our supply chain, and our ability to manufacture or sell products in certain countries. Further, operations in emerging market countries are subject to additional risks, including volatility in gross domestic product and rates of economic growth, government instability, cultural differences (such as employment and business practices), the imposition of exchange and capital controls, and risks associated with exporting components manufactured in those countries for incorporation into finished products completed in other countries. While these factors and their impact are difficult to predict, any one or more of them could have a material adverse effect on our competitive position, results of operations, financial condition or liquidity. In addition, given the role of our defense businesses in the support of the national security interests of the U. S. and its allies, we are subject to risks and uncertainties relating to policies of the U. S. and its allies, as well as other countries, including those that are or become regarded as potential adversaries or threats. We engage in both direct commercial sales, which generally require U. S. government licenses and approvals, as well as foreign military sales, which are government-to-government transactions initiated by, and carried out at the direction of, the U. S. government. Changes in budgets and spending levels, policies, or priorities, which are subject to geopolitical risks and threats, may impact our defense businesses, including the timing of and delays in U. S. government licenses and approvals for sales, the risk of sanctions or other restrictions, as well as potential human rights issues associated with the use of our defense products. These risks and uncertainties may directly or indirectly impact our commercial businesses as well. Government contracts are subject to special risks as a result of the U. S. government's audit practices. Our contracts with the U. S. government require us to comply with extensive laws and regulations in the performance of such contracts. The U. S. government regularly investigates and audits its suppliers' compliance with applicable regulations and performance under the relevant government contracts. If a government inquiry or investigation uncovers improper or illegal activities by us, our employees, or others working on our behalf, we could be subject to civil or criminal penalties or administrative sanctions, including contract termination, revocation of required security clearances, fines, forfeiture of fees, suspension of payment and suspension or debarment from doing business with U. S. government agencies, any of which could materially adversely impact our reputation, business, financial condition and results of operations. Additionally, ensuring we are fully compliant with new and existing government regulations could increase our costs, reduce our margins and adversely affect our competitiveness. Furthermore, our contractual obligations with the U. S. government include certain classified information, which imposes security requirements that limit our ability to discuss our performance on these contracts, including any specific risks, disputes and claims. The Company could be subjected to losses in the event that the Company suffers cost overruns or contractual penalties in connection with fixed-price contracts or service arrangements to perform specified design and EDC services. During fiscal year 2024 approximately 5 % percent of the Company's total sales were derived from fixed-price EDC arrangements with customers to perform specified design and EDC services related to its products. These arrangements allow the Company to benefit by recovering some of its product development costs, but it carries the risk of potential cost overruns. If the Company's initial cost estimates are incorrect, it can incur one-time charges that may be quite high and losses on these contracts. These EDC arrangements can expose the Company to potential losses because the customer may compel the Company to complete a project or, in the event of a termination for default, pay the incremental cost of its replacement by another provider. Because some of these projects involve new technologies and applications, and can last for more than a year, unforeseen events such as technological difficulties, fluctuations in the price of raw materials, problems with subcontractors, and cost overruns can result in the contractual price becoming less favorable or even unprofitable to the Company over time. Furthermore, if the Company does not meet project deadlines or if its products do not meet customer specifications, it may need to renegotiate contracts on less favorable terms, be forced to pay penalties or liquidated damages, or suffer losses if the customer exercises its right to terminate its agreement early. The Company's results of operations are dependent on its ability to maximize earnings from the EDC service arrangements. Similarly, if the Company is unable to meet deadlines and customer specifications, its reputation in the industry may suffer harm, which may have a negative impact on the Company's ability to retain its current customers and attract new customers. Lower earnings caused by cost overruns could furthermore have a negative impact on the Company's business, financial condition and results of operations. We currently operate without a substantial backlog. During periods of economic uncertainty, the rate of customer orders can quickly decrease, and a substantial backlog may help promote greater efficiency in production, facilitate business planning and improve revenue visibility. As of September 30, 2024, 35 % of the Company's backlog was expected to be filled beyond the end of the 2025 fiscal year, which is below the Company's historical expectations and may result in lower revenues in future periods. As a result, future revenue will be dependent on orders booked and shipped in any given quarter, and may not be predictable with any degree of certainty. Substantially all of the contracts in our backlog may be canceled or modified at the election of the customer, and certain of our contracts may individually represent a significant portion of our revenue. Reductions in backlog due to cancellation by a customer could significantly reduce the revenue that we actually receive from contracts in backlog. Similarly, contracts included in our backlog may not be profitable for other reasons, such as reduction in orders or issues with a customer's operations. Consequently, our backlog is not an entirely accurate predictor of future revenue. If our backlog fails to materialize, our business, financial condition and results of operations could be materially and adversely affected. The Company relies on third-party suppliers for components of its products, including several sole source suppliers, and any interruption in the supply of these components could hinder its ability to deliver products on a timely basis. The Company's manufacturing process consists primarily of assembling components purchased from its supply chain. Further, there are a limited amount of suppliers that are able to produce certain components. Several of our

suppliers are sole source suppliers. If we lose a significant or sole source supplier, or our key suppliers' businesses fail, our ability to purchase components at all (in the case of sole source suppliers) or in sufficient quantities and on commercially reasonable terms would be seriously harmed as it may take a long time, and involve significant costs, to identify and qualify a sufficient alternative supplier. If the Company is unable to maintain relationships with key third-party suppliers, the development and distribution of its products could be delayed until equivalent components can be obtained and integrated into the products. In addition, substitution of certain components from other manufacturers may require product redesign or FAA, EASA or other approvals, which could delay the Company's ability to ship products, and any increase in component costs, including the costs of any necessary raw materials, in the Company's supply chain could adversely affect the Company's business, financial condition and results of operations. The impacts of global supply chain and labor market disruptions on our supply chain have negatively affected and will continue to negatively affect our business. Our performance requires a variety of raw materials, supplier-provided parts, components, sub-systems and contract manufacturing services, and we rely on U. S. and non-U. S. suppliers (including third-party manufacturing suppliers, subcontractors and service providers) and commodity markets for these materials and services. In some instances, we depend upon a single source of supply, manufacturing, services support or assembly, or participate in commodity markets that may be subject to allocations of limited supplies by suppliers. In addition, our defense businesses are subject to specific procurement requirements that limit the types of materials they use. Our defense businesses also must require suppliers to comply with various DoD requirements, including Cybersecurity cybersecurity requirements, any of which requirements may further limit the suppliers and subcontractors they may utilize. Identifying and qualifying second- or third- source suppliers can be difficult, time-consuming and may result in increased costs. Additionally, ~~and~~ an open conflict or war across any region, including, but not limited to, the conflicts in Ukraine and Israel, could affect our ability to obtain raw materials. In addition, global supply chain and labor markets are continuing to experience high levels of disruption, causing significant materials and parts shortages, as well as delivery delays, labor shortages, distribution issues, energy cost increases and price increases. Current geopolitical conditions, including sanctions and other trade restrictive activities and strained intercountry relations, are contributing to these issues. Certain of our suppliers and subcontractors have been unable to hire and retain sufficient qualified personnel for their performance. We and our suppliers and subcontractors have also experienced difficulties in procuring necessary raw materials and components, including microelectronics. All of the above have contributed to price increases. These issues have led to significant supplier and subcontractor performance failures and delays. As a result of these various problems, we have had difficulties receiving necessary materials, components, other supplies and third-party services timely or at all, which have negatively impacted production flow in our factories, hindered our ability to perform on our commitments to customers and negatively affected our results of operations, financial condition and liquidity. Our supply costs have increased due to the above factors. Continuing high inflation has exacerbated these increases and increased our operating costs. Additionally, an open conflict or war across any region, including, but not limited to, the conflicts in Ukraine and Israel, could affect our ability to obtain raw materials. 18The timing of the impacts of these supply chain risks and issues and our ability to mitigate them are uncertain and difficult to predict. However, we expect the current supply chain, labor availability and price issues, and their negative impacts on our business, to continue. In particular, we expect to experience prolonged delays for certain critical component parts and sub-systems. Furthermore, the existing supply chain and labor market issues could be compounded by other events, such as an economic downturn; supplier capacity constraints for other reasons; supplier quality issues (for example, defects or fraudulent parts); supplier closing, bankruptcy or financial difficulties; price increases for various reasons; worsening shortages of raw materials or commodities; and energy supply constraints, including as a result of war or other geopolitical actions, natural disaster (including the effects of climate change), health pandemic or other business continuity events, or transport and distribution issues, any of which could further negatively impact our ability to meet our commitments to customers or increase our operating costs and therefore incrementally affect our results of operations, financial condition and liquidity. Our subcontractors and third-party suppliers may fail to produce high quality work, which may result in a failure of our products or services and a violation of applicable law. The suppliers the Company depends on may not be able to timely deliver a sufficient number of components on that are of a reliable quality on commercially reasonable terms. We also depend on our key third-party suppliers to provide materials that comply with our specifications. If any products or materials that are provided by our suppliers do not comply with our specifications, and we do not discover such noncompliance until after those parts are installed and as a result the products fails, the Company would be harmed, potentially resulting in a loss of its ISO 9001 and AS9100D certifications, loss of customers, harm to reputation, product recalls, and liability for any other harm caused. Such failures could delay or stop our production, result in possible lost sales and seriously threaten our business, financial condition and results of operations. Similarly, as we continue to acquire new product lines and expand the scope of our business, we require an increasing level of support from subcontractors. We are liable for the work of our subcontractors under each applicable agreement pursuant to which subcontractors assist. If our subcontractors violate the provisions of any applicable contract, or violate applicable laws or regulations, our relationship with such customer will be negatively impacted, and could result in a customer terminating our contract for default. A termination for default could expose us to liability, including liability for the costs of re-procurement, damage our reputation and impair our ability to compete for future contracts. Our competitors have greater resources and experience than us, and if we are not able to compete, our business, financial condition and results of operations will be substantially adversely affected. The markets for the Company's products are intensely competitive and subject to rapid technological change. Our primary competitors include Honeywell, Collins Aerospace, Thales Defense & Security, Inc., Garmin Ltd. and GE Aviation Systems. All of

these competitors have substantially greater financial, Technical-technical InfrastructureThe financial,technical-,and human capital resources than does the Company.In addition,these competitors have much greater experience in ,and resources for , marketing their products.As a result, these-- the Company's competitors may be able to respond more quickly to new or emerging technologies and customer preferences,or to devote greater resources to development,promotion and sale of their products than the Company can.The Company's competitors may have greater name recognition and more extensive customer bases.Such competition could result in price reductions,fewer customer orders,reduced gross margins,and loss of market share.The Company relies depends on key personnel to manage third-party suppliers for components of its business effectively products,including any necessary raw materials ,and any-- an interruption in inability to retain its key employees and plan for management succession could adversely impact the Company's supply of these components could hinder its ability to deliver products on compete.The Company's success depends on the efforts, abilities, and expertise of its senior management and other key personnel. There can be no assurance that the Company will be able to retain such employees, and the loss of important personnel could damage its ability to protect execute its proprietary rights against business strategy. Competition for skilled personnel is intense, and the Company may not be able to attract or retain additional qualified employees. In addition, our ability to execute our growth strategy is dependent upon our ability to retain our Chief Executive Officer, Shahram Askarpour. Mr. Askarpour's skills and expertise are important to the Company's ability to expand its operations into different markets and further its acquisition strategy. However, there is much competition in the aerospace market for qualified executives such as Mr. Askarpour. If we are unable to retain integral members of our executive team, our competitive position in the market, relationships with potential risk partners ,and our expertise of its senior management and other key personnel.There can be no assurance that the Company will be able to retain such employees,and the loss of some could damage its ability to execute its our strategic business plan strategy.The Company intends to continue hiring key management,engineering,and sales and marketing personnel.Competition for skilled personnel is intense,and the Company may not be adversely affected able to attract or retain additional qualified personnel.

19The Company's future success will depend in part on its ability to implement and improve its operational,administrative and financial systems and controls and to manage,train and expand its employee base.The Company cannot provide assurance that current and planned personnel levels,systems,procedures and controls will be adequate to support its current and future customer base.In such a circumstance,the Company may not be able to fully capitalize on existing and potential market opportunities. Similarly,the Company plans to further enhance in sales and distribution capabilities in the retrofit markets.It will be expensive and time consuming for the Company to hire a larger sales force for government and defense sales,and it may not be successful in finding appropriately qualified candidates that are able to implement the Company's strategy. Any delays or difficulties encountered in maintaining a sufficient workforce could impair the Company's ability to attract new customers or maintain its relationships with existing customers.In addition,effective succession planning is important to our long- term success.Failure to ensure effective transfer transfers of of infringement knowledge and smooth transitions involving senior management and other key personnel could hinder the execution of our strategic planning.We self- insure a significant portion of our employee medical insurance program,which may expose us to unpredictable costs and negatively affect our financial performance.We self- insure a significant portion of our employee medical insurance program and related benefit claims.The estimated liability for the self- funded portion of our insurance program is determined actuarially,based on claims filed historically,demographic factors and an estimate of claims incurred but not yet reported. We maintain stop loss insurance coverage to limit our exposure for the self- funded portion of our health insurance program both on a per employee and aggregate basis,and liabilities associated with these losses include estimates of both claims filed and losses incurred but not yet reported.Unanticipated changes in any applicable actuarial assumptions or management estimates underlying our recorded liabilities for these losses could result in materially different amounts of expense than expected under these programs,which could have a material adverse effect on our business, financial condition and results of operations.In addition,the premiums for this coverage could increase in the future,or we could be forced to raise our self- insured retention amounts . If the these Company is unable to protect expenses increase, or if we experience a claim in excess of our reserve and enforce- / or coverage limits, it could also have a material adverse effect on our business, financial condition and results of operations. The Company has limited experience in marketing and distributing its products internationally. The Company plans to derive increasing revenues from sales outside the U. S., particularly in Europe and Asia. Risks inherent in doing business internationally include: • differing regulatory requirements; • legal uncertainty regarding liability and the enforceability of agreements and accounts receivable collection and longer collection periods; • tariffs, trade and investment barriers, and other regulatory barriers; • uncertainty of protection of our intellectual property rights ; • heightened risk of unfair or corrupt business practices in certain locations; • political and economic instability. States,particularly in Europe and Asia.Risks inherent in doing business internationally include:• differing regulatory requirements;• legal uncertainty regarding liability and the enforceability of agreements;• tariffs,trade and investment barriers,and other regulatory barriers;• political and economic instability,-including changes in government budgets and wars,such as the wars in the Ukraine and Israel; • changes in diplomatic and trade relationships; • failure by our employees or agents to comply with U.S.laws affecting the activities of U.S.companies abroad,including the Foreign Corrupt Practices Act of 1977,as amended; • difficulty with staffing and managing widespread operations and in recruiting local experienced personnel,and the costs and expenses associated with such activities ; • the impact of recessions in economies outside the United States U.S. ; and 18-- and • variances and unexpected changes in local laws and regulations. Currently 20Currently ,all of the Company's international sales are denominated in U.S.dollars.An increase in the dollar's value compared to other currencies could render the Company's products less competitive in international markets.In the future,the Company may be required to conduct sales in foreign country's local currency,thus exposing it to fluctuations and volatility in exchange rates that could adversely affect its operating results. Further, as we pursue customers in Asia

and other less developed markets throughout the world, our potential inability to ensure the creditworthiness of counterparties could impose additional risks and affect our overall profitability. Emerging market operations in particular can present ~~may many be unable~~ risks, including volatility in gross domestic product, economic and government instability, and the imposition of exchange controls and capital controls. We must also hire and train qualified personnel to manage our foreign operations. We may experience difficulties in recruiting, training, managing, and retaining an international staff, and specifically staff related to sales management and sales personnel, which may impact in sales productivity in foreign markets. These factors and their impact are difficult to predict, and any one or more of them could have a material adverse effect on our ~~complete competitive effectively~~ position, business, financial condition and results of operations. **Risks Related to Intellectual Property, Privacy, Cybersecurity, and Technical Infrastructure** Our intellectual property rights are important to our operations, and we could suffer loss if they infringe upon others' rights or are infringed upon by others. We rely on a combination of patents, and trade secrets, confidentiality provisions and licensing arrangements to establish and protect our proprietary rights. To this end, as of September 30, 2024, the Company holds 47 U. S. patents and has 17 trademarks. In addition, the Company holds 111 international patents. The Company's success and ability to compete will depend in part on its ability to obtain and maintain patent or other protection for its technology and products, both in the United States-U. S. and internationally. In addition, **The value of our products relies substantially on our technical innovation in fields in which there are many** Company must operate without infringing the proprietary rights of others. ~~22~~As of September 30, 2023, the Company holds 32 U. S. patents - ~~patent~~ and has ~~filings~~. However, ~~three~~ ~~there~~ U. S. ~~is no guarantee that our~~ patent applications will become issued pending relating to its technology. In addition, the Company holds 85 international patents and has six international. **Moreover, even if approved, our patent patents may thereafter** applications pending. The Company cannot be certain that **successfully challenged by others or otherwise become invalidated for a variety of reasons. Thus, any** patents we currently have will be issued on any of its present or **may later acquire** future applications. In addition, existing patents or future patents may not adequately protect the Company's technology if they **provide us a significant competitive advantage. If our products** are not broad enough **protected by patents, or our** are successfully challenged, technology may be rendered obsolete by competitors that may develop similar technology using **or our** ideas and our technology, which will seriously harm our ability to generate sales revenue. Additionally, patent protection related litigation is time consuming and expensive. **The Company has incurred, and may continue to incur, significant legal and other costs** entities are able to develop competing methods without violating its patents. If the Company is not successful in protecting **defense of** its intellectual property ; competitors could begin to offer products that incorporate its technology. **Further** Patent protection involves complex legal and factual questions, **if** and, therefore, is highly uncertain. Litigation relating to intellectual property is often very time consuming and expensive. **If** a successful claim of patent infringement were made against the Company, and if the Company were unable to develop non- infringing technology, or to license the infringed or similar technology on a timely and cost- effective basis, the Company **may lose entire** might not be able to produce and sell some of its products - **product lines** - **Further, and** the Company has ~~as~~ incurred a result, and may continue to incur **substantial losses in revenue**, significant legal and other **incur substantial** costs in defense of **development new, non- infringing technology. Additionally, if the Company its- is found to have infringed upon the** intellectual property rights of a third- party, reputational harm to the Company would likely occur, and harm the Company's ability to license its technology, or license technology from others. Certain of our products incorporate and rely upon licensed third- party technology. As part of our growth strategy, we have obtained licenses to third- party technology to improve our products. We may be required to renegotiate our currently licensed technology in the future, and may seek to license additional technology from other third parties to enhance our products and position in the market. However, there is no guarantee that third- party licenses will be available to us, or continue to be made available to us, on terms acceptable and beneficial to the Company. If we are unable to maintain our current licenses or obtain additional licenses to further improve our products, we may be required to develop lower quality and less innovative products and as a result, our business, financial condition and results of operations may suffer. A cyber security incident or other technology disruption could have a negative impact on our business. We face certain security threats and technology disruptions, including threats to our information technology (" IT ") infrastructure, attempts to gain access to our or our customers' proprietary or classified information, threats of terrorism ~~events~~, and failures of our technology tools and systems. Our IT networks and related systems are critical to the operation of our business and essential to our ability to successfully perform day- to- day operations. We are also involved with IT systems for certain customers and other third parties, for which we face similar security threats as for our own, in particular, the DoD. **In particular, cybersecurity-Cybersecurity** threats — which include, but are not limited to, computer viruses, **ransomware, break- ins, sabotage, spyware and, other** malware, attempts to access information, denial of service attacks and other electronic security breaches — are persistent and evolve quickly. In general, such threats have increased in ~~frequency~~ **21frequency**, scope and potential impact in recent years. Further, a variety of technological tools and systems, including both company- owned IT and technological services provided by outside parties, support our critical functions. These technologies, as well as our products, are subject to failure and the user's inability to have such technologies properly supported, updated, expanded or integrated into other technologies and, in certain cases, may contain open source and third- party software which may unbeknownst to us contain defects or viruses that pose unintended risks. These risks, **if not effectively mitigated or controlled,** could materially harm our business or reputation. **Threat actors (such as ransomware groups) are becoming increasingly sophisticated and using tools and techniques that are designed to circumvent security controls, to evade detection and to remove or obfuscate forensic evidence. Our and our customers, suppliers and other third- parties' technology systems and networks may be damaged, disrupted, or compromised by malicious events, such as cyberattacks (including computer viruses, ransomware, and other malicious and destructive code, phishing attacks, and denial of service attacks), physical or electronic security breaches, natural**

disasters, fire, power loss, terrorism, war, telecommunications and electrical failures, hacking, cyberattacks, phishing attacks and other social engineering schemes, employee theft or misuse, human error, fraud, denial or degradation of service attacks, sophisticated nation- state and nation- state- supported actors or unauthorized access or use by persons inside our organization, or persons with access to systems inside our organization. Such attacks or security breaches may be perpetrated by internal bad actors, such as employees or contractors, or by third parties. Furthermore, because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until after they are launched against a target, we and our customers, suppliers and other third parties may be unable to anticipate these techniques or implement adequate preventative measures. While we have implemented what we believe is an appropriate information security program with cybersecurity procedures, practices, and controls, the control systems, cybersecurity program, infrastructure, physical facilities of, and personnel associated with the third parties that we rely on are beyond our control and we cannot guarantee that our or our customers', suppliers' and other third parties' systems and networks have not been breached or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our systems and networks or the systems and networks of third parties that support us and our products and services. In addition, ~~There~~ ~~there~~ can be no assurance that actions we have taken to implement appropriate measures and controls will be sufficient to prevent disruptions to critical systems, unauthorized release of confidential information or corruption of data. We may also experience security breaches that may remain undetected for an extended period. Even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence. The security measures we have implemented may become subject to third- party security breaches, employee error, malfeasance, faulty password management or other irregularities. For example, third parties may attempt to fraudulently induce employees or customers into disclosing user names, passwords or other sensitive information, which may in turn be used to access our IT systems. In the past, we have experienced immaterial breaches of our IT systems, which we have sought to address through upgrades to our IT security systems. However, ~~These~~ ~~these~~ security systems cannot provide absolute security. To the extent we were to experience a breach of our systems and were unable to protect sensitive data, such a breach could materially damage business partner and customer relationships, and curtail or otherwise impact the use of our IT systems. Moreover, if a security breach of our IT systems affects our computer systems or results in the release of personally identifiable or other sensitive information of customers, business partners, employees and other third parties, our reputation and brand could be materially damaged, use of our products and services could decrease, and we could be exposed to a risk of loss, litigation and potential liability. ~~Such~~ ~~Further~~, as cyber threats continue to evolve, the Company may be required to expend significant resources to continue to modify or enhance its protective measures or to investigate ~~an~~ and remediate any security vulnerabilities. Additionally, the continuing and evolving threat of cybersecurity attacks has resulted in evolving legal and compliance matters, including increased regulatory focus on prevention, which could require the Company to expend significant additional resources to meet such requirements, which as a result may also harm the Company's reputation. Any such cybersecurity event could require significant management attention and resources, negatively impact our reputation among our customers and the public and challenge our eligibility for future work on sensitive or classified systems, which could have a material adverse effect on our business, financial condition and results of operations. Legal and Regulatory Risks The Company is subject to various laws and regulations. Changes to, or failure by the Company to comply with, these laws and regulations could have a significant impact on the Company's business and operations. The aerospace industry is highly regulated by the U. S. government as well as other international agencies. The Company is subject to, and must comply with, various laws and regulations, including, but not limited to, the product- related and other regulations of the FAA and the EASA, U. S. government procurement regulations, the rules and regulations of the SEC, and local, state, federal, and 22international tax codes, import and export controls and customs laws, employment and employment- related laws, environmental laws, intellectual property laws, and consumer protection statutes. Although the Company has obtained approvals to install its products from most foreign civil aviation authorities, including the European Union, United Kingdom and China, which require the Company to comply with applicable aviation laws in such foreign jurisdictions, there can be no assurance that the Company will be able to maintain such approvals in the future. Failure to comply with all applicable laws could result in investigation and remediation costs to the Company and could adversely impact the business, financial condition and results of operations of the Company. Failure to comply with applicable regulations could also result in significant fines. In addition, new or more stringent governmental regulations may be adopted in the future, which may require us to incur significant expenses to become compliant with new regulations in a timely manner. In the performance of our contracts with the U. S. government, we operate in a highly regulated environment, and we are subject to routine audits and reviews by the U. S. government and its agencies, such as the Defense Contract Audit Agency ("DCCA"). These agencies routinely review contract performance and compliance with applicable laws, regulations and standards. Systems that are subject to review include, but are not limited to, cybersecurity systems, accounting systems, and purchasing systems. Our supply chain is also subject to some of the same government contractual obligations. The U. S. government may, if it deems appropriate conduct an investigation into possible illegal or unethical activity in connection with these contracts. Investigations of this nature are common in the defense industry, and lawsuits may result. Exports and imports of certain of our products are subject to various export control, sanctions and import regulations and may require authorization from regulatory agencies of the U. S. or other countries. We must comply with various laws and regulations relating to the export and import of products, services and technology from and into the U. S. and other countries having jurisdiction over our operations. In the U. S., these laws and regulations include, among others, the Export Administration Regulations (EAR) administered by the U. S. Department of

Commerce, the International Traffic in Arms Regulations (ITAR) administered by the U. S. Department of State, embargoes and sanctions regulations administered by the U. S. Department of the Treasury, and import regulations administered by the U. S. Department of Homeland Security and the U. S. Department of Justice. Certain of our products, services and technologies have military or strategic applications and are on the U. S. Munitions List of the ITAR, the Commerce Control List of the EAR or are otherwise subject to the EAR, and / or the U. S. Munitions Import List and we are required to obtain licenses and authorizations from the appropriate U. S. government agencies before selling these products outside of the U. S. or importing these products into the U. S. U. S. foreign policy or foreign policy of other licensing jurisdictions may affect the licensing process or otherwise prevent us from engaging in business dealings with certain individuals, entities or countries. Any failure by us, our customers or our suppliers to comply with these laws and regulations could result in civil or criminal penalties, fines, seizure of our products, adverse publicity, restrictions on our ability to export or import our products, or the suspension or debarment from doing business with the U. S. government. Moreover, any changes in export control, sanctions or import regulations may further restrict the export or import of our products or services, and the possibility of such changes requires constant monitoring to ensure we remain compliant. Our ability to obtain required licenses and authorizations on a timely basis or at all is subject to risks and uncertainties, including changing U. S. government laws, regulations or foreign policies, delays in Congressional action, or geopolitical and other factors. If we are not successful in obtaining or maintaining the necessary licenses or authorizations in a timely manner, our sales relating to those approvals may be prevented or delayed, and revenue and profit previously recognized may be reversed. Any restrictions on the export or import of our products or product lines could have a material adverse effect on our business, financial condition and results of operations.

~~Risks~~~~Litigation~~---- **Litigation** with customers, employees and others could harm our reputation and impact operating results. In the ordinary course of business, we may be involved in lawsuits and regulatory actions with customers, employees and others. **These actions may involve claims for, among other things, compensation for alleged personal injury and product liability claims.** Additionally, we may be subject to employment-related claims alleging discrimination, harassment, wrongful termination and wage issues, including those relating to overtime compensation. We are susceptible to claims filed by customers alleging responsibility for breaches of contract or from product defects, and we are also subject to lawsuits filed by patent holders alleging patent infringement. These types of claims, as well as other types of lawsuits to which we are subject from time to time, can distract management's attention from core business operations and impact operating results, particularly if a lawsuit results in an unfavorable outcome, or could harm the Company's reputation with customers, employees, investors and others.

~~23~~~~Tax~~ changes could affect the Company's effective tax rate and future profitability. The Company's future results could be **negatively** affected ~~negatively~~ by changes in the effective tax rate due to changes in the Company's overall profitability, changes to statutory tax rates in the ~~United States~~ **U. S.** and in other jurisdictions, changes in tax legislation, and the results of audits and examinations of previously filed tax returns. In addition, adverse changes in the underlying profitability and financial outlook of our operations or future changes in tax law could lead to changes in the value of tax assets or liabilities that we currently or in the future may hold, which could materially affect our results of operations. Further, the nature and impact of any future changes to tax law, and the resulting impact on our business, financial condition and results of operations, are uncertain.

**Tariffs** The Company is subject to various laws and regulations. Changes to, or failure by the **other trade policies** Company to comply with, these laws and regulations could have a significant **substantial** impact on the ~~our~~ **business.** The Company's business **is dependent upon the availability of raw materials and components for assembly.** U. S. relations with the rest of the world remains uncertain with respect to taxes, trade policies and tariffs, especially as the political landscape changes due to the recent U. S. presidential and congressional elections. Changes in U. S. administrative policy may lead to significant increases in tariffs for imported goods among other possible changes. President-elect Donald Trump has indicated that his administration is likely to impose significant tariffs on imported goods. The imposition of such tariffs may strain international trade relations and increase the risk that foreign governments implement retaliatory tariffs on goods imported from the United States. Similarly, interest rates may continue to rise and create further uncertainty and volatility in the market which would negatively impact our business, financial condition and results of operations. **In addition** The Company is subject to, and must comply with, various laws and regulations, including, but not limited to, the potential exists that product-related and other regulations of countries may impose retaliatory tariffs, which could adversely affect the Company's sales to the ~~those~~ **FAA countries.** These political and economic changes could have a material effect on global economic conditions and the stability of financial markets and could significantly reduce global trade. **In addition to potential increases on tariffs, wars or conflicts could affect our ability to obtain raw materials.**

**Ongoing and future conflicts and the other geopolitical events may result in sanctions or EASA, U. S. government procurement regulations, the other rules and regulations of the SEC, and local, state, federal, and international tax codes, import and export controls imposed by the U** and customs laws, employment and employment-related laws, environmental laws, intellectual property laws, and consumer protection statutes. Failure **S. or United Nations. As the Company plans** to comply with all applicable laws **increase its sales in international markets, any such international instability and reduction in global trade** could result in investigation **negatively impact the Company's expansion plans** and remediation costs to **international sales. Such risks may also affect our customers' budgets and the their** Company and could **policies which may** adversely affect impact the operations and profits of the Company. In addition, the evolving and at times overlapping regulatory regimes to which the Company is subject may change at any time. Any changes to existing laws or **our sales revenue** regulations, or the adoption of new laws or regulations, could increase our compliance costs and operating costs. In addition, failure to timely comply with regulatory changes could cause payments to be withheld and / or an impact on future business. If the Company fails to maintain an effective system of internal control over financial reporting, it may not be able to accurately report its financial condition, results of operations or cash flows, which may adversely affect investor confidence in

the Company and, as a result, the value of the Company's common stock. The Sarbanes-Oxley Act requires, among other things, that the Company maintain effective internal control over financial reporting and disclosure controls and procedures. Under Section 404 of the Sarbanes-Oxley Act, the Company is required to furnish a report by management on, among other things, the effectiveness of the Company's internal control over financial reporting. This assessment must include disclosure of any material weaknesses identified by management in the Company's internal control over financial reporting. A material weakness is a control deficiency, or combination of control deficiencies, in internal control over financial reporting that results in more than a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. **Although Section 404 of the Sarbanes-Oxley Act also generally requires required to provide an attestation from its auditors the Company's independent registered public accounting firm on the effectiveness of the Company's internal control over financial reporting, it may become subject to such requirement in the future.** The Company's compliance with Section 404 requires that it compile the system and process documentation necessary to perform an appropriate evaluation. During the evaluation and testing process, if the Company identifies one or more material weaknesses in its internal control over financial reporting, it will be unable to assert that its internal control over financial reporting is effective. The Company cannot assure you that there will not be material weaknesses or significant deficiencies in its internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit the Company's ability to accurately report its financial condition, results of operations or cash flows. If the Company is unable to conclude that its internal control over financial reporting is effective, or if its independent registered public accounting firm determines the Company has a material weakness or significant deficiency in its internal control over financial reporting once that firm begins its reviews, the Company could lose investor confidence in the accuracy and completeness of its financial reports, the market price of its common stock could decline, and it could be subject to sanctions or investigations by ~~NASDAQ-Nasdaq~~, the SEC or other regulatory authorities. Failure to remedy any material weakness in the Company's internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict the Company's future access to the capital markets. **Risks 24Risks**

**Related to Our Common Stock, Capital Markets and Indebtedness** Our common stock may be affected by limited trading volume and may fluctuate significantly. Our common stock is traded on ~~NASDAQ~~ **the Nasdaq Global Select Market**. Although an active trading market has developed for our common stock, there can be no assurance that an active trading market for our common stock will be sustained. Failure to maintain an active trading market for our common stock may adversely affect our shareholders' ability to sell our common stock in short time periods, or at all. Our common ~~stock~~ **stock** has experienced, and may experience in the future, significant price and volume fluctuations, which could adversely affect the market price of our common stock. Our common stock has experienced and may continue to experience price fluctuations, which could cause you to lose a significant portion of your investment and interfere with our efforts to grow our business. Stock markets are subject to significant price fluctuations that may be unrelated to the operating performance of particular companies, and accordingly the market price of our common stock may **change** frequently and **meaningfully change by large margins**. In addition, the market price of our common stock has fluctuated and may continue to fluctuate substantially due to a variety of other factors. Possible exogenous incidents and trends may also impact the capital markets generally and our common stock prices specifically. For example, the war in the Middle East and the war between Russia and Ukraine and resulting economic sanctions imposed by many countries on Russia have led to disruption, instability and volatility in the U. S. and global markets and industries and are expected to have a negative impact on the U. S. and broader global economies. The timing of your purchase and sale of our common stock relative to fluctuations in its trading price may result in you losing a significant portion of your investment. Because we do not intend to declare cash dividends on our shares of common stock in the foreseeable future, shareholders must rely on appreciation of the value of our common stock for any return on their investment. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends in the foreseeable future. In addition, the terms of any future debt agreements may preclude us from paying dividends. As a result, we expect that only appreciation of the price of our common stock, if any, will provide a return to investors in this offering for the foreseeable future. Volatility and weakness in capital markets may adversely affect credit availability and related financing costs, which could adversely affect the Company. Bank and capital markets can experience periods of volatility and disruption **which may adversely affect our ability to access the capital markets as needed. The general economic conditions in the U. S. and abroad is uncertain and historically has been negative. There can be no assurance that market conditions will improve. Further, companies in the transportation industry and sales in the commercial airline markets historically have been negatively impacted by poor economic conditions. In the past, these sales have been affected by airline profitability, which is impacted by, among other things, fuel and labor costs, price competition, interest rates, downturns in the global economy and national and international events. Furthermore, because of the lengthy research and development cycle involved in bringing new products to market, we cannot predict the economic conditions that will exist when a new product is introduced. A reduction in capital spending in the aviation or defense industries could have a significant effect on the demand for our products, which could have an adverse effect on our financial performance or results of operations.** During these periods of volatility and disruption, **additional** risks to the Company include: ● declines in revenues and profitability from reduced orders, payment delays or other factors caused by the economic problems of customers; ● reprioritization of government spending away from defense programs in which the Company participates; ● reduced access to credit sources; and ● disruptions in supplies associated with any financial constraints faced by vendors. There are risks associated with our outstanding and future indebtedness. On June 28, 2023, the Company and one of its subsidiaries entered into an Amendment to Loan Documents (the "Loan Amendment") with PNC Bank, National Association ("PNC"), which amends certain terms of that certain Loan Agreement entered into by the parties on May 11, 2023 (the "Loan Agreement" and, as amended, the "Amended Loan Agreement") and (ii) a corresponding Term Note in favor of

PNC (the “Term Note”), which together provide for a senior secured term loan in an aggregate principal amount of \$ 20. 0 million, with a maturity date of June 28, 2028 (the “Term Loan”). In addition to providing for the Term Loan, the Loan Agreement, together with a corresponding Revolving Line of Credit Note in favor of PNC, executed May 11, 2023 (“Line of Credit Note”), provides for a senior secured revolving line of credit in an aggregate principal amount of \$ 10. 0 million, with an expiration date of May 11, 2028 (the “Revolving Line of Credit”). As of September 30, 2023, the balance of the Term Loan amounted to \$ 19. 5 million. There was no balance drawn on the Revolving Line of Credit as of September 30, 2023. We may incur additional indebtedness in the future under these existing credit facilities and / or enter into new financing arrangements. We may fail to pay these or additional future obligations, as and when required. Specifically, if we are unable to generate sufficient cash flows from operations or to borrow sufficient funds in the future to service or refinance our debt, our business, operating results, financial condition and cash flows will be harmed. Any downgrades from credit rating agencies such as Moody’s Investors Service or Standard & Poor’s Rating Services may adversely impact our ability to obtain additional financing or the terms of such financing and reduce the market capacity for our commercial paper. Furthermore, if prevailing interest rates or other factors result in higher interest rates upon any potential future financing, then interest expense related to the refinance indebtedness would increase.