

Risk Factors Comparison 2024-09-13 to 2023-06-15 Form: 10-K

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Our business, results of operations and financial condition and the industry in which we operate are subject to various risks. We have listed below (not necessarily in order of importance or probability of occurrence) the most significant risk factors applicable to us, but they do not constitute all the risks that may be applicable to us. New risks may emerge from time to time, and it is not possible for us to predict all potential risks or to assess the likely impact of all risks. More information concerning certain of these risks is contained in other sections of this Annual Report on Form 10-K, including in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Risks Related to Our Business and Industry We--

Industry Our auditors have indicated that there is substantial doubt about our ability to continue as a going concern. Our liquidity is highly dependent on the availability of financing facilities and our ability to maintain a gross profit and operating income. The Company is the borrower under the amended and restated loan agreement with Berkshire Bank (the “Loan Agreement”). The Company has determined that it was not in compliance with the financial covenants in the Loan Agreement as of March 31, 2024. Additionally, our management believes it is probable that the Company will not be in compliance with these financial covenants in future periods. Without a waiver, noncompliance with these financial and related covenants permits the lender to demand repayment in full of all outstanding amounts from the Company. In addition, the lender retains the right to act on covenant violations that occur after the date of delivery of any waiver. If the lender were to demand repayment, the Company would not be able to pay the obligation because the Company does not have existing facilities or sufficient cash on hand to satisfy these obligations. In order to satisfy the future financial covenants in the Loan Agreement, we must efficiently increase utilization of our manufacturing capacity at our Stadco subsidiary and improve the manufacturing process, such that our direct labor hours (inputs) allow us to recognize more revenue over time (outputs) and improve job performance. We plan to closely monitor our expenses and, if required, will reduce operating costs and capital spending to enhance liquidity. There can be no assurance that we will be successful in these efforts. If we are unable to achieve compliance in the future with the financial covenants in the Loan Agreement by making operational changes to our business, then we might alternatively seek additional waivers or forbearances from our lender prior to any covenant violation or raise additional funds in one or more equity financing transactions. Any covenant waiver or forbearance may lead to increased costs, increased interest rates, additional restrictive covenants and the imposition of other lender protections that impact us negatively. There can be no assurance that we would be able to obtain waivers or forbearances in a timely manner, on acceptable terms, or at all. Alternatively, the terms of any equity financing may adversely affect the holdings or the rights of our stockholders and the issuance of additional securities by us, or the possibility of such issuance, may cause the market price of our common stock to decline. The sale of additional shares of our common stock, or securities convertible into shares of our common stock, would also dilute all of our stockholders. There was \$ 7. 6 million outstanding under the Loan Agreement on March 31, 2024. Berkshire Bank is the lender under the Loan Agreement and has agreed to extend the maturity date of the revolver loan to January 15, 2025. The original maturity date of the revolver loan under the loan agreement was December 20, 2023. While the maturity date of the revolver loan has been extended, it is due within the next 12 months and, if we are not able to renew or further extend the maturity date of the revolver loan, we will need to raise additional funds in order meet our obligations with respect to the revolver loan and sustain our operations. In addition to extending the maturity date of the revolver loan, the Company acknowledges that a certain event of default has occurred and is continuing under the Loan Agreement because of the Company’s failure to satisfy the Debt Service Coverage Ratio, or DSCR, for the twelve- month period ending March 31, 2024. The lender reserves any and all rights and remedies available to it under the Loan Agreement, including, without limitation, its right to choose to accelerate and demand the outstanding indebtedness evidenced by the loan documents, and to seek immediate repayment in full. In the event that the lender accelerates the repayment of this indebtedness as the result of one or more breaches of covenant or the maturity date of the revolver loan is not renewed or further extended, we do not expect to have funds available to repay these amounts in full unless we raise additional funds or find alternate financing, which, along with the uncertainty associated with the recurring operating losses at Stadco, raises substantial doubt about the Company’s ability to continue as a going concern within one year after the date the consolidated financial statements included in this Annual Report on Form 10-K are issued. The consequences of any default, waiver or forbearance, or the securing of additional equity financing, could materially and adversely affect our business, financial condition, and results of operations. We may pursue acquisitions and other strategic transactions and / or investments to compliment or expand our business that may not be successful. From time to time, we may explore opportunities to purchase or invest in other businesses or assets that we believe will complement, enhance or expand our current business or that might otherwise offer us growth opportunities, including opportunities that may differ from the Company’s current business. Any transactions that we are able to identify and complete may involve risks, including the commitment of significant capital, the incurrence of indebtedness, the payment of advances, the diversion of management’s attention and resources from our existing business to develop and integrate the acquired or combined business, the inability to successfully integrate such business or assets into our operations, litigation or other claims in connection with acquisitions or against companies we invest in or acquire, the risk of not achieving the intended results and the exposure to losses if the underlying transactions or ventures are not successful. Whether or not completed, the announcement and pendency of the potential acquisitions could cause

disruptions in our business; and current and prospective employees may experience uncertainty about their future roles, which might adversely affect the ability to retain key employees; and uncertainty regarding the completion of the acquisition may cause customers, suppliers, distributors, vendors, strategic partners or others to delay or defer entering into contracts, make other decisions or seek to change or cancel existing business relationships; and the attention of management may be directed toward the completion of the acquisition. We face strong competition in our markets. We face competition from both domestic and foreign manufacturers in each of the markets we serve. No one company dominates the industry in which we operate. Our competitors include international, national, and local manufacturers, some of whom may have greater financial, manufacturing, marketing, and technical resources than we do, or greater penetration in or familiarity with a particular geographic market than we have. Some competitors may be better known or have greater resources at their disposal, and some may have lower production costs. For certain products, being a domestic manufacturer may play a role in determining whether we are awarded a certain contract. For other products, we may be competing against foreign manufacturers who have a lower cost of production. If a contracting party has a relationship with a vendor and is required to place a contract for bids, the preferred vendor may provide or assist in the development of the specification for the product which may be tailored to that vendor's products. In such event, we would be at a disadvantage in seeking to obtain that contract. We believe that customers focus on such factors as quality of work, reputation of the vendor, perception of the vendor's ability to meet the required schedule, and price in selecting a vendor for their products. Some of our customers have moved manufacturing operations or product sourcing overseas, which can negatively impact our sales. To remain competitive, we will need to invest continuously in our manufacturing capabilities and customer service, and we may need to reduce our prices, particularly with respect to customers in industries that are experiencing downturns, which may adversely affect our results of operations. We cannot provide assurance that we will be able to maintain our competitive position in each of the markets that we serve, and any failure by us to complete could have a material adverse effect on our business, financial condition and results of operations. Because most of our contracts are individual purchase orders and not long-term agreements, there is no guarantee that we will be able to generate a similar amount of revenue in the future. We must bid or negotiate each of our contracts separately, and when we complete a contract, there is generally no continuing source of revenue under that contract. As a result, we cannot assure you that we will have a continuing stream of revenue from any contract. Our failure to generate new business on an ongoing basis would materially impair our ability to operate profitably. Additionally, our reliance on individual purchase orders has historically caused, and may in future periods cause, our results of operations and cash flows to vary considerably and unpredictably from period to period. Because a significant portion of our revenue is derived from services rendered for the defense, aerospace, nuclear, large medical device and precision industrial markets, our operating results may suffer from conditions affecting these industries, including any budgeting, economic or other trends that have the effect of reducing the requirements for our services. Lingering impacts from the COVID-19 pandemic, labor shortages and / or supply chain disruptions in the broader economy may also reduce demand for our products and services because of delays or disruptions in our customers' ability to continue their own production, which could have a material adverse effect on our business, financial condition, or results of operation. ~~Our~~ **Our** business may be impacted by external factors that we may not be able to control, including health emergencies like epidemics or pandemics, and the war between Russia and Ukraine. War, civil conflict, terrorism, natural disasters, and public health issues including domestic or international pandemics, have caused and could cause damage or disruption to domestic or international commerce by creating economic or political uncertainties. Additionally, volatility in the financial markets, instability in the banking sector and disruptions or downturns in other areas of the global or U. S. economies could negatively impact our business. These events could result in a decrease in demand for our products, make it difficult or impossible to deliver orders to customers or receive materials from suppliers, affect the availability or pricing of energy sources or result in other severe consequences that may or may not be predictable. As a result, our business, financial condition and results of operations could be materially adversely affected. We could also be negatively affected by health emergencies, including epidemics or pandemics. The effects of any such health emergency and related governmental responses could include extended disruptions to supply chains and capital markets, reduced labor availability and productivity and a prolonged reduction in demand for our services and overall global economic activity. This could result in the Company experiencing significant disruptions, which could have a material adverse effect on our results of operations, financial condition, and cash flows. ~~870-~~ **To** date, the company has not experienced any material effects from the war between Russia and Ukraine and sanctions placed on the Russian Federation and Belarus. However, because of our reliance on certain raw materials and energy supplies, an economic environment of rising costs and interest rates could have an unfavorable impact our operations and financial condition. Additionally, recent events involving limited liquidity, defaults, non-performance or other adverse developments that affect banks, financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have recently and may in the future lead to market-wide liquidity problems, which could impact demand for our products. This uncertainty regarding liquidity concerns in the financial services industry could adversely impact our business, our business partners, or industry as a whole in ways that we cannot predict at this time. Because of our dependence on a limited number of customers, our failure to generate major contracts from a small number of customers may impair our ability to operate profitably. We have, in the past, been dependent in each year on a small number of customers who generate a significant portion of our business, and these customers change from year to year. For the year ended March 31, **2024, our four largest customers accounted for approximately 61 % of our revenue. For the year ended March 31, 2023, our four largest customers** accounted for approximately 64 % of our revenue. ~~For the year ended March 31, 2022, our three largest customers accounted for approximately 47 % of our revenue.~~ In addition, our backlog on March 31, **2024 and 2023 was \$ 44-50.0 million and \$ 44.0 million, respectively**, of which **76 % and 83 %** was attributable to four customers. As a result, we may have difficulty operating profitably if there is a default in payment by any of our major customers, we lose an existing order, or we are unable

to generate orders from new or existing customers. Furthermore, to the extent that any one customer accounts for a large percentage of our revenue, the loss of that customer could materially affect our ability to operate profitably. For example, our largest customer in the fiscal years ended March 31, **2024 and 2023 and 2022** accounted for **28 % and 20 % , respectively**, of our revenue for both years. The loss of these customers could have a material adverse effect upon our business and may impair our ability to operate profitably. We anticipate that our dependence on a limited number of customers in any given fiscal year will continue for the foreseeable future. There is always a risk that existing customers will elect not to do business with us in the future or will experience financial difficulties. If our customers experience financial difficulties or business reversals, or lose orders or anticipated orders, which would reduce or eliminate the need for the products which they ordered from us, they could be unable or unwilling to fulfill their contracts with us. There is also a risk that our customers will attempt to impose new or additional requirements on us that reduce the profitability of the orders placed by those customers with us. Further, even if the orders are not changed, these orders may not generate margins equal to our recent historical or targeted results. If we do not book more orders with existing customers, or develop relationships with new customers, we may not be able to increase, or even maintain, our revenue, and our financial condition, results of operations, business and / or prospects may be materially adversely affected. ~~Our 10~~**Our** backlog figures may not accurately predict future sales or recognizable revenue. We expect to fill most items of backlog within the next three years. However, because orders may be rescheduled or canceled and a significant portion of our net sales is derived from a small number of customers, backlog is not necessarily indicative of future sales levels. Moreover, we cannot be sure of when during the future 36- month period we will be able to recognize revenue corresponding to our backlog nor can we be certain that revenues corresponding to our backlog will not fall into periods beyond the 36- month horizon. Any decrease in the availability, or increase in the cost, of raw materials could materially affect our earnings. The availability of certain critical raw materials, such as steel, nickel, monel, inconel, aluminum, stainless steel, and other alloys, is subject to factors that are not within our control. At any given time, we may be unable to obtain an adequate supply of these critical raw materials on a timely basis, at prices and other terms acceptable to us, or at all. If suppliers increase the price of critical raw materials or are unwilling or unable to meet our demand, we may not have alternative sources of supply. In addition, to the extent that we have existing contracts or have quoted prices to customers and accepted customer orders for products prior to purchasing the necessary raw materials, we may be unable to raise the price of products to cover all or part of the increased cost of the raw materials. The manufacture of some of our products is a complex process and requires long lead times. As a result, we may experience delays or shortages in the supply of raw materials. If we are unable to obtain adequate and timely deliveries of required raw materials, we may be ~~unable~~ **unable** to complete our manufacturing projects and deliver finished products on a timely basis. This could cause us to lose sales, incur additional costs, delay new product introductions, or suffer harm to our reputation. In addition, costs of certain critical raw materials have been volatile due to factors beyond our control. Raw material costs are included in our contracts with customers, but in some cases, we are exposed to changes in raw material costs from the time purchase orders are placed to when we purchase the raw materials for production. Changes in business conditions could adversely affect our ability to recover rapid increases in raw material costs and may adversely affect our results of operations. Additionally, changes in international trade duties and other aspects of international trade policy, both in the U. S. and abroad, could materially impact the cost of raw materials. For example, from March 2018 until March 2021, the U. S. imposed an additional 25 % tariff under Section 232 of the Trade Expansion Act of 1962, as amended, on steel products imported into the U. S. While these tariffs have mostly been lifted on imports from countries other than the Peoples' Republic of China, imports from many jurisdictions are subject to limitations on volume, after which substantial tariffs will be reimposed. The U. S. also imposed a 10 % tariff on all aluminum imports into the United States, with initial exemptions for aluminum imported from certain U. S. trading partners. Such actions could increase steel and aluminum costs and decrease supply availability. In response to the invasion of Ukraine by the military forces of the Russian Federation, the United States, the European Union and other jurisdictions have imposed sanctions that, among other things, prohibit the importation of a wide array of commodities and products from Russia, which is a major global supplier of nickel. Any increase in nickel, steel and / or aluminum prices that is not offset by an increase in our prices could have an adverse effect on our business, financial position, results of operations or cash flows. In addition, if we are unable to acquire timely nickel, steel or aluminum supplies, we may need to decline bid and order opportunities, which could also have an adverse effect on our business, financial position, results of operations or cash flows. All of our manufacturing and production is done at two locations, in California and Massachusetts. We may be exposed to significant disruption to our business as a result of unforeseeable developments at either geographic location. We operate at two manufacturing and production facilities in Westminister, Massachusetts and Los Angeles, California. It is possible that we could experience prolonged periods of reduced production due to unforeseen catastrophic events occurring in or around our manufacturing and production facilities. It is also possible that operations could be disrupted due to other unforeseen circumstances such as power outages, explosions, fires (including wildfires), floods, earthquakes, accidents, and severe weather conditions. As a result, we may be unable to shift manufacturing capabilities to alternate locations, accept materials from suppliers, meet customer shipment needs or address other severe consequences that may be encountered, and we may suffer damage to our reputation. Our financial condition and results of our operations could be materially adversely affected were such events to occur. ~~Our 11~~**Our** manufacturing processes are complex, must constantly be upgraded to remain competitive and depend upon critical, high- cost equipment that may require costly repair or replacement. It is possible that we could experience prolonged periods of reduced production due to unplanned equipment failures, and we could incur significant repair or replacement costs in the event of those failures. We must make regular capital investments and changes to our manufacturing processes to lower production costs, improve productivity, manufacture new or improved products and remain competitive. We may not be able to take advantage of business opportunities or respond to competitive pressures if we fail to update, replace or make additions to our equipment or our manufacturing processes in a timely manner. The cost to repair or replace much of our equipment or facilities could be significant. We cannot be certain that we will have sufficient internally

generated cash or acceptable external financing to make necessary capital expenditures in the future. Our production facilities are energy- intensive, and we rely on third parties to supply energy consumed at our production facilities. The prices for and availability of electricity, natural gas, oil, and other energy resources are subject to volatile market conditions. These market conditions often are affected by political and economic factors beyond our control, including the imposition of sanctions on the Russian Federation that prevent it from selling its significant sources of oil and natural gas into key international markets, which impacts the global price of these commodities. Disruptions or lack of availability in the supply of energy resources could temporarily impair our ability to operate our production facility. Further, increases in energy costs, or changes in costs relative to energy costs paid by competitors, may adversely affect our profitability. To the extent that these uncertainties cause suppliers and customers to be more cost sensitive, increased energy prices may have an adverse effect on our results of operations and financial condition. ~~10The~~ **The** dangers inherent in our operations and the limits on insurance coverage could expose us to potentially significant liability costs and materially interfere with the performance of our operations. The fabrication of large steel structures involves potential operating hazards that can cause personal injury or loss of life, severe damage to and destruction of property and equipment and suspension of operations. The failure of such structures during and after installation can result in similar injuries and damages. Although we believe that our insurance coverage is adequate, there can be no assurance that we will be able to maintain adequate insurance in the future at rates we consider reasonable or that our insurance coverage will be adequate to cover future claims that may arise. Claims for which we are not fully insured may adversely affect our working capital and profitability. In addition, changes in the insurance industry have generally led to higher insurance costs and decreased availability of coverage. The availability of insurance that covers risks we and our competitors typically insure against may decrease, and the insurance that we are able to obtain may have higher deductibles, higher premiums, and more restrictive policy terms. Our operating results may fluctuate significantly from quarter to quarter, and we cannot be certain that we will maintain profitability in every quarterly reporting period. Our operating results historically have been difficult to predict and have at times significantly fluctuated from quarter to quarter due to a variety of factors, many of which are outside of our control. Among these factors includes the fact that most of our contracts are individual purchase orders and not long- term agreements. Additionally, our ability to meet project completion schedules for an individual project and record the corresponding revenue over- time can fluctuate and cause significant changes in our revenue and other financial results. As a result of these factors, comparing our operating results on a period- to- period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our operating expenses do not always vary directly with revenue and may be difficult to adjust in the short term. As a result, if revenue for a particular quarter is below our expectations, we may not be able to proportionately reduce operating expenses for that quarter, and therefore such a revenue shortfall would have a disproportionate effect on our operating results for that quarter. We recognize revenue for our defense contracts and some commercial contracts based on percentage of completion that requires significant management judgement. Errors made to our estimates of revenue and costs could result in overstated or understated profits or losses, subject to adjustment. For most of our defense industry contracts, we recognize revenue over time as we perform services or deliver goods. In situations where control transfers or services are performed over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. We recognize revenue over time based on the transfer of control of the promised goods or services to the customer, or at a point in time. This transfer will occur over time when the Company' s performance does not create an asset that has an ~~alternative 12~~ **alternative** use to the Company, and we have an enforceable right to payment for performance completed to date. Otherwise, control to the promised goods or services transfers to customers at a point in time. Due to the size and nature of the work required to be performed on many of our contracts, the estimation of total revenue and cost at completion is complicated and subject to many variables. Contract costs include material, labor, and subcontracting costs, as well as an allocation of indirect costs. We are required to make assumptions regarding the number of labor hours required to complete a task, the complexity of the work to be performed, the availability and cost of materials and performance by our subcontractors. For contract change orders, claims or similar items, we apply judgment in estimating the amounts and assessing the potential for realization. Contract modifications- as well as other changes in estimates of sales, costs, and profits on a performance obligation- are recognized using the cumulative catch- up method of accounting. This method recognizes in the current period the cumulative effect of the changes in current and prior periods. If our estimate of total contract costs or our determination of whether the customer agrees that a milestone is achieved is incorrect, our revenue could be overstated or understated, and the profits or loss reported could be subject to adjustment. If our revenues and costs require adjustment, our stock price could decline. Demand in our end- use markets can be cyclical, impacting the demand for the products we produce. Demand in our end- use markets, including companies in the defense, aerospace, precision industrial, and nuclear industries, can be cyclical in nature and sensitive to general economic conditions, competitive influences, and fluctuations in inventory levels throughout the supply chain. Our sales are sensitive to the market conditions present in the industries in which the ultimate consumers of our products operate, which in some cases have been highly cyclical and subject to substantial downturns. ~~11As~~ **As** a result of the cyclical nature of these markets, we have experienced, and in the future, we may experience, significant fluctuations in our sales and results of operations with respect to a substantial portion of our total product offering, and such fluctuations could be material and adverse to our overall financial condition, results of operations and liquidity. We could be adversely affected by reductions in defense spending. Because certain of our products are used in a variety of military applications, including ships, submarines and helicopters, we derive most of our revenue from the defense industry. In fiscal **2024 and** 2023, approximately **99 % and** 98 % of our revenue was derived from customers in the defense industry. Although many of the programs under which we sell products to prime U. S. government contractors extend several years, they are subject to annual funding through congressional appropriations. While spending authorizations for defense- related programs by the U. S. government have increased in recent years due to greater homeland security and foreign military commitments, these spending levels may not be sustainable and could significantly decline. Future levels of expenditures, authorizations, and appropriations for programs we

support may decrease or shift to programs in areas where we do not currently provide services. Changes in spending authorizations, appropriations, and budgetary priorities could also occur due to a shift in the number, and intensity, of potential and ongoing conflicts, the rapid growth of the federal budget deficit, increasing political pressure to reduce overall levels of government spending, shifts in spending priorities from national defense as a result of competing demands for federal funds, or other factors. It is also possible that Russia's invasion of Ukraine causes a reorientation of US defense spending away from the naval submarine programs from which we derive substantial portions of our revenue towards land-based military projects, which could involve fewer programs in which our products would be needed. Our business prospects, financial condition or operating results could be materially harmed among other causes by the following: 1) budgetary constraints affecting U. S. government spending generally, or specific departments or agencies in particular, and changes in available funding, such as federal government sequestration (automatic spending cuts); 2) changes in U. S. government programs or requirements; and 3) a prolonged U. S. government shutdown and other potential delays in the appropriations process. Failure to obtain and retain skilled technical personnel could adversely affect our operations. Our production facilities require skilled personnel to operate and provide technical services and support for our business. Competition for the personnel required for our business intensifies as activity increases. In periods of high utilization, it may become more difficult to find and retain qualified individuals, and there can be no assurance that we will be successful in attracting and retaining qualified personnel to fulfill our current or future needs. This could increase our costs or have other adverse effects on our results of operations. **The-13The** extensive environmental, health and safety regulatory regimes applicable to our manufacturing operations create potential exposure to significant liabilities. The nature of our manufacturing business subjects our operations to numerous and varied federal, state, local and international laws and regulations relating to pollution, protection of public health and the environment, natural resource damages and occupational safety and health. Failure to comply with these laws and regulations, or with the permits required for our operations, could result in fines or civil or criminal sanctions, third party claims for property damage or personal injury, and investigation and cleanup costs. Potentially significant expenditures could be required in order to comply with environmental laws that may be adopted or imposed in the future. We have used, and currently use, certain substances that are considered hazardous, extremely hazardous or toxic under worker safety and health laws and regulations. Although we implement controls and procedures designed to reduce continuing risk of adverse impacts and health and safety issues, we could incur substantial cleanup costs, fines and civil or criminal sanctions, and third party property damage or personal injury claims as a result of violations, non-compliance or liabilities under these regulatory regimes. As a manufacturing business, we also must comply with federal and state environmental laws and regulations which relate to the manner in which we store and dispose of materials and the reports that we are required to file. We cannot assure you that we will not incur additional costs to maintain compliance with environmental laws and regulations or that we will not incur significant penalties for failure to be in compliance any of which could have a material adverse effect on our business, financial condition and results of operations. Our systems and information technology infrastructure may be subject to security breaches and other cybersecurity incidents. We rely on the accuracy, capacity, and security of our information technology systems to obtain, process, analyze, and manage data, as well as to facilitate the manufacture and distribution of products to and from our facility. We receive, process and ship orders, manage ~~12the~~ **the** billing of and collections from our customers, and manage the accounting for and payment to our vendors. Maintaining the security of computers, computer networks, and data storage resources is a critical issue for us and our customers, as security breaches could result in vulnerabilities and loss of and / or unauthorized access to confidential information. We may face attempts by experienced hackers, cybercriminals, hostile nation-state actors, or others with authorized access to our systems to misappropriate our proprietary information and technology, interrupt our business, and / or gain unauthorized access to confidential information. The reliability and security of our information technology infrastructure and software, and our ability to expand and continually update technologies in response to our changing needs is critical to our business. To the extent that any disruptions or security breaches result in a loss or damage to our data, it could cause harm to our reputation. This could lead some customers to stop using us for building their products and reduce or delay future purchases of our products or use competing products. In addition, we could face enforcement actions by U. S. states, the U. S. federal government, or foreign governments, which could result in fines, penalties, and / or other liabilities and which may cause us to incur legal fees and costs, and / or additional costs associated with responding to the cyberattack. Increased regulation regarding cybersecurity may increase our costs of compliance, including fines and penalties, as well as costs of cybersecurity audits. Any of these actions could materially adversely impact our business, financial condition and results of operations. We are subject to regulations related to conflict minerals which could adversely impact our business. We are subject to SEC rules regarding disclosure of the use of tin, tantalum, tungsten, gold and certain other minerals, known as conflict minerals, in products manufactured by public companies. These rules require that public companies conduct due diligence to determine whether such minerals originated from the Democratic Republic of Congo, or the DRC, or an adjoining country and whether such minerals helped finance the armed conflict in the DRC. These rules require ongoing due diligence efforts, along with annual conflict minerals reports. There are costs associated with complying with these disclosure requirements, including costs to determine the origin of conflict minerals used in our products. In addition, these rules could adversely affect the sourcing, supply and pricing of materials used in our products. As there may be only a limited number of suppliers offering conflict-free minerals, we cannot be sure that we will be able to obtain necessary conflict minerals from such suppliers in sufficient quantities or at competitive prices. Also, we may face reputational challenges if the due diligence procedures we implement do not enable us to verify the origins for all conflict minerals or to determine that such minerals are DRC conflict-free. We may also encounter challenges to satisfy customers that may require all of the components of products purchased to be certified as DRC conflict-free because our supply chain is complex. If we are not able to meet customer requirements, customers may choose to disqualify us as a supplier. **We-14We** currently do not use any conflict minerals in the production of our products, but from time to time we may receive a customer order necessitating the use of conflict minerals. In the event we produce any products utilizing conflict minerals, we

will be required to comply with the rules discussed above. Changes in delivery schedules and order specifications may affect our revenue stream. Although we perform manufacturing services pursuant to orders placed by our customers, we have in the past experienced delays in scheduling and changes in the specification of our products. Delays in scheduling have been and, in the future, may be caused by disruptions relating to epidemics, pandemics and government- imposed lockdowns, or economy- wide supply chain disruptions, while changes in order specifications may result from a number of factors, including a determination by the customer that the product specifications need to be changed after receipt of an initial product or prototype. As a result of these changes, we may suffer a delay in the recognition of revenue from projects and may incur contract losses. We cannot assure you that our results of operations will not be affected in the future by delays or changes in specifications or that we will ever be able to recoup revenue which was lost as a result of the delays or changes. Further, if we cannot allocate our personnel to a different project, we will continue to incur expenses relating to the initial project, including labor and overhead. Thus, if orders are postponed, our results of operations would be impacted by our need to maintain staffing and other expense- generating aspects of production for the postponed projects, even though they were not fully utilized, and revenue associated with the project will not be recognized during this period. We cannot assure that our operating results will not decline in future periods as a result of changes in customers' orders.

~~13~~**Negative** -- **Negative** economic conditions may adversely impact the demand for our services and the ability of our customers to meet their obligations to us on a timely basis. Any disputes with customers could also have an adverse impact on our income and cash flows. Negative economic conditions, including tightening of credit in financial markets as a result of increases in interest rates and / or instability in the banking system, may lead businesses to postpone spending, which may impact our customers, causing them to cancel, decrease or delay their existing and future orders with us. Declines in economic conditions may further impact the ability of our customers to meet their obligations to us on a timely basis. If customers are unable to meet their obligations to us on a timely basis, it could adversely impact the realization of receivables, the valuation of inventories and the valuation of long- lived assets. Additionally, we may be negatively affected by contractual disputes with customers, which could have an adverse impact on our financial condition and results of operations. If our customers successfully assert product liability claims against us due to defects in our products, our operating results may suffer and our reputation may be harmed. Due to the circumstances under which many of our products are used and the fact that some of our products are relied upon by our customers in their facilities or operations, we face an inherent risk of exposure to claims in the event that the failure, use or misuse of our products results, or is alleged to result, in bodily injury, property damage or economic loss. We have been subject to product liability claims in the past, and we may be subject to claims in the future. A successful product liability claim or series of claims against us, or a significant warranty claim or series of claims against us could materially decrease our liquidity and impair our financial condition and also materially and adversely affect our results of operations. We maintain a substantial amount of outstanding indebtedness, which could impair our ability to operate our business and react to changes in our business, remain in compliance with debt covenants and make payments on our debt. Our level of indebtedness could have important consequences, including, without limitation:

- increasing our vulnerability to general economic and industry conditions because our debt payment obligations may limit our ability to use our cash to respond to or defend against changes in the industry or the economy;
- requiring a substantial portion of our cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- 15** • limiting our ability to pursue our growth strategy, including restricting us from making strategic acquisitions or causing us to make non- strategic divestitures;
- placing us at a disadvantage compared to our competitors who are less leveraged and may be better able to use their cash flow to fund competitive responses to changing industry, market or economic conditions; and
- making us more vulnerable in the event of a downturn in our business, our industry, or the economy in general. Because certain of our borrowing facilities contain variable interest rate provisions, many of the above consequences could be worsened if interest rates continue to rise. In addition, our current credit facilities contain, and any future credit facilities to which we become a party will likely contain, covenants and other provisions that restrict our operations. These restrictive covenants and provisions could limit our ability to obtain future financings, make needed capital expenditures, withstand a future downturn in our business, or the economy in general, or otherwise conduct necessary corporate activities, and may prevent us from taking advantage of business opportunities that arise in the future.

~~14~~**If** **If** we refinance our credit facilities, we cannot guarantee that any new credit facility will not contain similar covenants and restrictions. Our liquidity is highly dependent on our available financing facilities and ability to improve our gross profit and operating income. Our failure to obtain new or additional financing, if required, could impair our ability to both serve our existing customer base and develop new customers and could result in our failure to continue to operate as a going concern. To the extent that we require new or additional financing, we cannot assure you that we will be able to get such financing on terms equal to or better than the terms of our current credit facilities with Berkshire Bank. If we are unable to borrow funds under an existing credit facility, it may be necessary for us to conduct an offering of debt and / or equity securities on terms which may be disadvantageous to us or have a negative impact on our outstanding securities and the holders of such securities. In the event of an equity offering, it may be necessary that we offer such securities at a price that is significantly below our current trading levels which may result in substantial dilution to our investors that do not participate in the offering and a new lower trading level for our common stock. We may need new or additional financing in the future to expand our business or refinance existing indebtedness, and our inability to obtain capital on satisfactory terms or at all may have an adverse impact on our operations and our financial results. We may need new or additional financing in the future to expand our business, refinance existing indebtedness or make strategic acquisitions, and our inability to obtain capital on satisfactory terms or at all may have an adverse impact on our operations, financial condition, or results of operations. As we grow our business, we may have to incur significant capital expenditures. We may make capital investments to, among other things, build new or upgrade our existing facilities, purchase or lease new

equipment and enhance our production processes. If we are unable to access capital on satisfactory terms and conditions, we may not be able to expand our business or meet our payment requirements under our existing credit facilities. Our ability to obtain new or additional financing will depend on a variety of factors, many of which are beyond our control. We may not be able to obtain new or additional financing because we may have substantial debt, our current receivable and inventory balances may not support additional debt availability or because we may not have sufficient cash flows to service or repay our existing or future debt. In addition, depending on market conditions and our financial performance, equity financing may not be available on satisfactory terms or at all. Moreover, if we raise additional funds through issuances of equity or convertible debt securities, our current stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock. If we are unable to access capital on satisfactory terms and conditions, this could have an adverse impact on our business, results of operations and financial condition. Any deterioration or disruption of the credit and capital markets may adversely affect our access to sources of funding. Disruptions in the credit markets can cause severely restricted access to capital for companies. In particular, recent events involving limited liquidity, defaults, non-performance or other adverse developments that have affected banks, financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, including, for example, Silicon Valley Bank, Signature Bank or First Republic Bank, or concerns or rumors about any events of these kinds or other similar risks, have and may in the future lead to market-wide liquidity problems. When credit markets deteriorate or are disrupted, our ability to incur additional indebtedness to fund a portion of our working capital needs and other general corporate purposes, or to refinance maturing obligations as they become due, may be constrained. This risk could be exacerbated by future deterioration in the Company's credit ratings. In addition, if the counterparty backing our existing credit facilities were unable to perform on its commitments, our liquidity could be impacted, which could adversely affect funding of working capital requirements and other general corporate purposes. ~~In 16~~**In the event we need to access the capital markets or other sources of financing, there can be no assurance that we will be able to obtain financing on acceptable terms or within an acceptable time, if at all. In addition, Russia's invasion of Ukraine, high inflation and increasing interest rates have significantly disrupted world financial markets, increased volatility in U. S. capital markets, and may reduce opportunities for us to seek additional funding. Our inability to obtain financing on terms and within a time acceptable to us could have an adverse impact on our results of operations, financial condition, and liquidity. Risks Related to our Common Stock**~~The Stock~~**If we fail to regain compliance with The Nasdaq Stock Market imposes' s listing standards on, our common stock could that we may not be delisted from Nasdaq able to fulfill, thereby leading to a possible delisting of our common stock.** As a listed Nasdaq Stock Market (" Nasdaq ") company, we are subject to rules covering, among other things, certain major corporate transactions, the composition of our board of directors and committees thereof, the minimum bid price of our common stock and ~~15 minimum~~ **minimum** stockholders' equity. **Nasdaq also has rules governing the timely filing of periodic reports we have received notices from the Listing Qualifications Department of Nasdaq that we were not in compliance with Nasdaq Listing Rule 5250 (c) (1) (the " Timely Filing Requirement ") because we had not timely filed our Quarterly Report on Form 10- Q for the fiscal quarter ended December 31, 2023 (the " Q3 2024 10- Q), our Annual Report on Form 10- K for the fiscal year ended March 31, 2024 (the " FY 2024 10- K ") and our Quarterly Report on Form 10- Q for the fiscal quarter ended June 30, 2024 (the " Q1 2025 10- Q ") with the SEC on or before the applicable period provided for each filing. While we have filed our Q3 2023 10- Q and our FY 2024 10- K, our Q1 2025 10- Q has not yet been filed with the SEC and we will not regain compliance with the Timely Filing Requirement until our Q1 2025 10- Q has been filed with the SEC.** The failure to meet any Nasdaq requirements may result in the delisting of our common stock from Nasdaq, which could adversely affect the liquidity and market price of our common stock. If our common stock were to be delisted, selling shares of our common stock could be more difficult because smaller quantities of shares would likely be bought and sold, transactions could be delayed, and security analysts' coverage of us may be reduced. In addition, in the event our common stock is delisted, broker-dealers have certain regulatory requirements imposed upon them, which may discourage broker-dealers from effecting transactions in our common stock, further limiting the liquidity thereof. These factors could result in lower prices for shares of our common stock and / or limit an investor's ability to execute a transaction. In addition, delisting from Nasdaq could also impair our ability to raise additional necessary capital through equity or debt financing, and could lead to significant dilution to our stockholders caused by our issuing equity in financing or other transactions at a price per share significantly below the then market price. **We could be negatively affected as a result of a proxy contest and the actions of activist stockholders. On July 2, 2024, our board of directors received notice from a stockholder of the stockholder's intention to nominate two nominees to stand for election to our board of directors at our 2024 annual meeting of stockholders. A proxy contest with respect to election of our directors, or other activist stockholder activities, could adversely affect our business because: (1) responding to a proxy contest and other actions by activist stockholders can be costly and time-consuming, disruptive to our operations and divert the attention of management and our employees; (2) perceived uncertainties as to our future direction caused by activist activities may result in the loss of potential business opportunities, and may make it more difficult to attract and retain qualified personnel and business partners; and (3) if individuals are elected to our board of directors with a specific agenda, it may adversely affect our ability to effectively and timely implement our strategic plans.** Our stock price may fluctuate significantly. The stock market can experience significant volatility, and the volatility of stocks often does not relate to the operating performance of the companies represented by the stock. The market price of our common stock could be subject to significant fluctuations because of general market conditions and because of factors specifically related to our businesses. Factors that could cause volatility in the market price of our common stock include market conditions affecting our customers' businesses, including the level of mergers and acquisitions activity, anticipated changes in spending on national defense by the U. S. Government, and actual and anticipated fluctuations in our quarterly operating results, rumors relating to us or our competitors, actions of stockholders, including sales of shares by our directors and

executive officers, additions or departures of key personnel, and developments concerning current or future strategic alliances or acquisitions. Volatility in our stock price may also be enhanced by the fact that our common stock is often thinly traded. Additionally, the economic and other consequences of the recent instability in the banking system, Russia's invasion of Ukraine, high inflation and increasing interest rates have resulted in significant volatility in the equity capital markets as the economy begins to recover. ~~These~~ ~~17~~ ~~These~~ and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock at a profit and may otherwise negatively affect the liquidity of our common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, even if the lawsuit is without merit, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management. The issuance of shares of our common stock as compensation may dilute the value of existing stockholders and may affect the market price of our stock. We may use, and have in the past used, stock options, stock grants and other equity-based incentives to provide motivation and compensation to our directors, officers, employees and key independent consultants. The award of any such incentives will result in immediate and potentially substantial dilution to our existing stockholders and could result in a decline in the value of our stock price. The exercise of these options and the sale of stock issued upon such exercise or pursuant to stock grants may have an adverse effect upon the price of our stock. The number of shares of common stock we ~~have~~ registered for resale ~~and~~ ~~the number of shares we expect to register for resale~~ in January 2022 ~~is~~ ~~the future are~~ significant in relation to the number of our outstanding shares of common stock. We filed a Registration Statement on January 7, 2022, which was declared effective on January 18, 2022, to register the resale of shares of our common stock into the public market by certain stockholders that acquired shares of our common stock in transactions not registered under the Securities Act. ~~In addition, we are obligated to register for resale the Stock Termination Fee and the shares of common stock that could be sold by participants in the July Private Placement (as defined below), including shares underlying PIPE Warrants (as defined below).~~ These shares represent a significant number of shares of our total number of issued and outstanding shares of common stock. The resale by these stockholders of a significant number of these shares, or the perception in the public markets that such selling securityholders may sell all or a portion of such securities, could depress the market price of our Common Stock during the period the ~~applicable Registration registration Statement statement~~ remains effective. ~~16~~ ~~Trading--~~ ~~Trading~~ volume of our common stock has fluctuated from time to time and is typically low, which may make it difficult for investors to sell their shares at times and prices that investors feel are appropriate. To date, the trading volume of our common stock has fluctuated, and there is typically a low volume of trading in our common stock. Generally, lower trading volumes adversely affect the liquidity of our common stock, not only in terms of the number of shares that can be bought and sold at a given price, but also through delays in the timing of transactions and reduction in security analysts' and the media's coverage of us. This may result in lower prices for our common stock than might otherwise be obtained and could also result in a larger spread between the bid and asked prices for our common stock. Because of our cash requirements and restrictions in our debt agreements, we may be unable to pay dividends. In view of the cash requirements of our business, we expect to use any cash flow generated by our business to finance our operations and growth and to service our indebtedness. Further, we are subject to certain affirmative and negative covenants under our debt agreements which restrict our ability to declare or pay any dividend or other distribution on equity, purchase or retire any equity, or alter our capital structure. Accordingly, any return to stockholders will be limited to the appreciation of the value of their holdings of our stock. The rights of the holders of our common stock may be impaired by the potential issuance of preferred stock. Our certificate of incorporation gives our board of directors the right to create new series of preferred stock. As a result, the board of directors may, without stockholder approval, issue preferred stock with voting, dividend, conversion, liquidation, or other rights that are superior to the rights associated with our common stock, which could adversely affect the voting power and equity interest of the holders of our common stock. Preferred stock, which could be issued with the right to more than one vote per share, could be utilized as a method of discouraging, delaying, or preventing a change of control. The possible impact on takeover attempts could adversely affect the price of our common stock. ~~General~~ ~~18~~ ~~General~~

Risk Factors If securities analysts do not publish research or reports about our business, if they issue unfavorable commentary or downgrade their rating on our common stock, or if we fail to meet projections and estimates of earnings developed by such analysts, the price of our common stock could decline. The trading market for our common stock relies in part on the research and reports that securities analysts publish about us and our business. The price of our common stock could decline if one or more analysts downgrade their rating on our common stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business. In addition, although we do not make projections relating to our future operating results, our operating results may fall below the expectations of securities analysts and investors. In this event, the market price of our common stock would likely be adversely affected. We have identified ~~a certain~~ material ~~weakness~~ ~~weaknesses~~ in our internal control over financial reporting, resulting from control deficiencies related to **1) an insufficient complement of Stadco accounting staff necessary to consistently perform management review controls over financial information and complete account reconciliations on a timely basis to ensure all transactions were accurately captured and recorded, 2) initial purchase accounting and ~~continued~~ fair value accounting associated with the Stadco acquisition, and 3) adjustments related to tax accounting for a deficient analysis of the valuation allowance**. If we fail to maintain effective internal controls over financial reporting, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and investors' views of us. We are subject to the Sarbanes-Oxley Act, which requires public companies to include in their annual report a statement of management's responsibilities for establishing and maintaining adequate internal control over financial reporting, together with an assessment of the effectiveness of those internal controls. Ensuring that we have effective internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated

frequently. Our failure to maintain the effectiveness of our internal controls in accordance with the requirements of the Sarbanes- Oxley Act could have a material adverse effect on our business. We could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on the price of our common stock, and could result in us being the subject of regulatory scrutiny. During the evaluation and testing process of our internal controls, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls over financial reporting are effective. For example, in ~~17~~connection with the audit of our financial statements as of and for the year ended March 31, 2024, we identified three material weaknesses in our internal control over financial reporting. The material weaknesses we identified pertain to (i) initial purchase accounting and the continuing fair value accounting associated with our acquisition of Stadco, (ii) our failure to maintain a sufficient complement of tax accounting personnel necessary to perform management review controls related to activities for extracting information to determine the valuation allowance at Stadco on a timely basis, and (iii) we did not maintain a sufficient complement resources and expertise on the Stadco accounting staff necessary to consistently perform management review controls over financial information and complete account reconciliations on a timely basis to ensure all transactions were accurately captured and recorded prior to closing the books. See “ — Material Weakness ” and “ — Management’ s Remediation Plan ” in the section titled “ Item 9A. Controls and Procedures ” for more details concerning this material weakness. While we have taken steps to enhance our internal control environment, we have addressed the underlying cause of the material weaknesses with the implementation of additional controls including those designed to raise the level of precision of management review controls to gain additional assurance regarding the timely completion of our quality control procedures. The steps we have taken to date were not sufficient to remediate these material weaknesses or to avoid the identification of other material weaknesses in the future. We cannot assure you that the measures we have taken to date, and are continuing to implement, will be sufficient to avoid additional material weaknesses or significant deficiencies in our internal control over financial reporting in the future. If we are unable to conclude that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of shares of our common stock could decline, and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities. Laws and regulations governing international operations, including the Foreign Corrupt Practices Act, or FCPA, may require us to develop and implement costly compliance programs and the failure to comply with such laws may result in substantial penalties. We must comply with laws and regulations relating to international business operations. The creation and implementation of compliance programs for international business practices is costly and such programs are difficult to enforce, particularly where reliance on third 19