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30xbrli:sharesiso4217:USDxbrli:puretpcs:itemtpcs:customeriso4217:USDxbrli:sharesTable of Contentsâ€‹â€‹UNITED STATESSECURITIES AND EXCHANGE COMMISSIONWASHINGTON,
D.C. 20549FORMÂ 10-Q(Mark One)â˜’Â QUARTERLY REPORT PURSUANT TO SECTIONÂ 13 OR 15(d)Â OF THE SECURITIES EXCHANGE ACT OF 1934For the quarterly period ended
September 30, 2024orâ˜Â TRANSITION REPORT PURSUANT TO SECTIONÂ 13 OR 15(d)Â OF THE SECURITIES EXCHANGE ACT OF 1934For the transition period from
Â to Â Commission File Number: 001-41698TechPrecision Corporation(Exact
name of registrant as specified in its charter)â€‹DelawareÂ Â Â Â 51-0539828(State or other jurisdiction ofÂ (I.R.S. Employerincorporation or organization)Â Identification No.)â€‹1 Bella
DriveÂ Â Â Â Â Westminster, MAÂ 01473(Address of principal executive offices)Â (Zip Code)Â Â Â Registrantâ€™s telephone number, including area codeÂ (978) 874-0591â€‹Securities
registered pursuant to SectionÂ 12(b)Â of the Act:â€‹TitleÂ ofÂ eachÂ classÂ Â Â Â Trading Symbol(s)Â Â Â Â NameÂ ofÂ eachÂ exchangeÂ onÂ whichÂ registeredCommon Stock, par value
$0.0001 per shareTPCSNasdaq Capital Marketâ€‹Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange
Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90
days.â˜’Â Â Â Â Â Â YesÂ Â Â Â Â Â â˜Â Â Â Â Â Â NoIndicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to
Rule 405 of Regulation S-T (Â§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such
files).â˜’Â Â Â Â Â Â YesÂ Â Â Â Â Â â˜Â Â Â Â Â Â NoIndicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting
company, or an emerging growth company. See the definitions of â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting companyâ€, and â€œemerging growth companyâ€
in RuleÂ 12b-2 of the Exchange Act.â€‹Large accelerated filerâ˜Â Â Accelerated filerâ˜Non-accelerated filerâ˜’Â Â Smaller reporting companyâ˜’Emerging growth companyâ˜â€‹â€‹If an
emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards
pursuant to SectionÂ 13(a)Â of the Exchange Act.Â Â Â Â Â â˜â€‹Indicate by check mark whether the registrant is a shell company (as defined in RuleÂ 12b-2 of the Exchange
Act).â˜Â Â Â Â Â Â YesÂ Â Â Â Â Â â˜’Â Â Â Â Â Â Noâ€‹The number of shares outstanding of the registrantâ€™s common stock as of January 17, 2025, was 9,662,525.â€‹â€‹â€‹Table of
ContentsTABLE OF CONTENTSâ€‹â€‹â€‹â€‹Pageâ€‹â€‹â€‹2Table of
ContentsPART IITEM 1. FINANCIAL STATEMENTSTECHPRECISION CORPORATIONCONDENSED CONSOLIDATED BALANCE
SHEETSâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹(Unaudited)â€‹â€‹â€‹â€‹September 30,â€‹MarchÂ 31,Â (in thousands, except per share
data)Â Â Â Â 2024Â Â Â Â 2024ASSETSâ€‹â€‹â€‹â€‹â€‹â€‹Current assets:â€‹â€‹â€‹â€‹â€‹â€‹Cash and cash equivalentsâ€‹$ 132â€‹$ 138Accounts receivable, netâ€‹Â 2,387â€‹Â 2,371Contract
assetsâ€‹Â 9,545â€‹Â 8,527Raw materialsâ€‹â€‹ 1,802â€‹â€‹ 1,827Work-in-process â€‹â€‹ 1,558â€‹â€‹ 1,423Other current assetsâ€‹Â 459â€‹ â€‹ 564Total current assetsâ€‹Â 15,883â€‹ â€‹
14,850Property, plant and equipment, netâ€‹Â 14,380â€‹ â€‹ 14,798Right of use asset, netâ€‹â€‹ 4,627â€‹â€‹ 4,977Other noncurrent assetsâ€‹Â 122â€‹ â€‹ 122Total assetsâ€‹$ 35,012â€‹$
34,747LIABILITIES AND STOCKHOLDERSâ€™ EQUITY:â€‹â€‹â€‹â€‹â€‹â€‹Current liabilities:â€‹â€‹â€‹â€‹â€‹â€‹Accounts payableâ€‹$ 3,149â€‹$ 1,408Accrued expensesâ€‹Â 3,936â€‹ â€‹

4,263Contract liabilitiesâ€‹Â 2,517â€‹ â€‹ 3,788Current portion of long-term lease liabilityâ€‹Â 753â€‹ â€‹ 736Current portion of long-term debt, netâ€‹â€‹ 7,055â€‹â€‹ 7,559Total current liabilitiesâ€‹Â 17,410â€‹ â€‹ 17,754Long-term lease liabilityâ€‹â€‹ 4,028â€‹â€‹ 4,408Other noncurrent liabilityâ€‹â€‹ 4,690â€‹â€‹ 4,782Total liabilitiesâ€‹â€‹ 26,128â€‹â€‹ 26,944Commitments (see Note 14)â€‹â€‹â€‹â€‹â€‹â€‹Stockholdersâ€™ Equity:â€‹â€‹â€‹â€‹â€‹â€‹Common stock - par value $0.0001 per share, 50,000,000 shares authorized; Shares issued and outstanding September 30, 2024 â€“ 9,619,232 and 9,609,232, respectively; Shares issued and outstanding March 31, 2024 â€“ 8,777,432.â€‹Â 1â€‹ â€‹ 1Additional paid in capitalâ€‹Â 18,343â€‹ â€‹ 15,201Accumulated deficit â€‹Â (9,460)â€‹ â€‹ (7,399)Total stockholdersâ€™ equityâ€‹Â 8,884â€‹ â€‹ 7,803Total liabilities and stockholdersâ€™ equityâ€‹$ 35,012â€‹$ 34,747â€‹See accompanying notes to the condensed consolidated financial statements.â€‹3Table of ContentsTECHPRECISION CORPORATIONCONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Three Months Ended September 30,â€‹Six Months Ended September 30,(in thousands, except per share data)Â Â Â Â 2024Â Â Â Â 2023Â Â Â Â 2024Â Â Â Â 2023Revenueâ€‹$ 8,946â€‹$ 7,970â€‹$ 16,932â€‹$ 15,341Cost of revenueâ€‹Â 7,932â€‹ â€‹ 6,935â€‹â€‹ 15,679â€‹â€‹ 13,612Gross profitâ€‹Â 1,014â€‹ â€‹ 1,035â€‹â€‹ 1,253â€‹â€‹ 1,729Selling, general and administrativeâ€‹Â 1,502â€‹ â€‹ 1,632â€‹â€‹ 3,082â€‹â€‹ 2,906Loss from operationsâ€‹â€‹ (488)â€‹â€‹ (597)â€‹â€‹ (1,829)â€‹â€‹ (1,177)Other incomeâ€‹Â â€”â€‹ â€‹ 41â€‹â€‹ 13â€‹â€‹ 41Interest expenseâ€‹Â (113)â€‹ â€‹ (149)â€‹â€‹ (245)â€‹â€‹ (243)Total other (expense) incomeâ€‹Â (113)â€‹ â€‹ (108)â€‹â€‹ (232)â€‹â€‹ (202)Loss before income taxesâ€‹Â (601)â€‹ â€‹ (705)â€‹â€‹ (2,061)â€‹â€‹ (1,379)Income tax benefitâ€‹â€‹ â€”â€‹ â€‹ (177)â€‹â€‹ â€”â€‹â€‹ (323)Net lossâ€‹$ (601)â€‹$ (528)â€‹$ (2,061)â€‹$ (1,056)Net loss per share - basic and dilutedâ€‹$ (0.06)â€‹$ (0.06)â€‹$ (0.22)â€‹$ (0.12)Weighted average shares outstanding â€“ basic and dilutedâ€‹â€‹ 9,568,660â€‹â€‹ 8,720,603â€‹â€‹ 9,279,967â€‹â€‹ 8,667,298â€‹See accompanying notes to the condensed consolidated financial statements.â€‹4Table of ContentsTECHPRECISION CORPORATIONCONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERSâ€™ EQUITY (unaudited)â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â â€‹Â â€‹â€‹Â AdditionalÂ â€‹Â Totalâ€‹Â Commonâ€‹ParÂ PaidÂ inÂ AccumulatedÂ Stockholdersâ€™(in thousands, except per share data)Â Â Â Â StockÂ Â Â Â ValueÂ Â Â Â CapitalÂ Â Â Â DeficitÂ Â Â Â EquityBalance March 31, 2023â€‹ 8,613,408â€‹$ 1â€‹$ 14,950â€‹$ (356)â€‹$ 14,594Net lossâ€‹ â€”â€‹â€‹ â€”â€‹â€‹ â€”â€‹â€‹ (528)â€‹â€‹ (528)Balance June 30, 2023â€‹ 8,613,408â€‹$ 1â€‹$ 14,950â€‹$ (884)â€‹$ 14,066Stock issued for exercised optionsâ€‹ 109,024â€‹â€‹ â€”â€‹â€‹ â€”â€‹â€‹ â€”â€‹â€‹ â€”Stock used for tax withholding at exercise â€‹ â€”â€‹â€‹ â€”â€‹â€‹ (34)â€‹â€‹ â€”â€‹â€‹ (34)Restricted stock awardâ€‹ 15,000â€‹â€‹ â€”â€‹â€‹ â€”â€‹â€‹ â€”â€‹â€‹ â€”Stock-based compensationâ€‹ â€”â€‹â€‹ â€”â€‹â€‹ 9â€‹â€‹ â€”â€‹â€‹ 9Net lossâ€‹ â€”â€‹â€‹ â€”â€‹â€‹ â€”â€‹â€‹ (528)â€‹â€‹ (528)Balance September 30, 2023â€‹ 8,737,432â€‹$ 1â€‹$ 14,925â€‹$ (1,412)â€‹$ 13,513â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Balance March 31, 2024â€‹ 8,777,432â€‹$ 1â€‹$ 15,201â€‹$ (7,399)â€‹$ 7,803Stock issued for termination feeâ€‹ 320,000â€‹â€‹ â€”â€‹â€‹ 1,536â€‹â€‹ â€”â€‹â€‹ 1,536Restricted stock-based compensationâ€‹ â€”â€‹â€‹ â€”â€‹â€‹ 9â€‹â€‹ â€”â€‹â€‹ 9Net loss â€‹ â€”â€‹â€‹ â€”â€‹â€‹ â€”â€‹â€‹ (1,460)â€‹â€‹ (1,460)Balance June 30, 2024 â€‹ 9,097,432â€‹â€‹ 1â€‹â€‹ 16,746â€‹â€‹ (8,859)â€‹â€‹ 7,888Sale of stock and warrants, netâ€‹ 521,800â€‹â€‹ â€”â€‹â€‹ 1,588â€‹â€‹ â€”â€‹â€‹ 1,588Stock-based compensationâ€‹ â€”â€‹â€‹ â€”â€‹â€‹ 9â€‹â€‹ â€”â€‹â€‹ 9Net loss â€‹ â€”â€‹â€‹ â€”â€‹â€‹ â€”â€‹â€‹ (601)â€‹â€‹ (601)Balance September 30, 2024â€‹ 9,619,232â€‹$ 1â€‹$ 18,343â€‹$ (9,460)â€‹$ 8,884â€‹See accompanying notes to the condensed consolidated financial statements.â€‹5Table of ContentsTECHPRECISION CORPORATIONCONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Six Months Ended September 30,(in thousands, except per share data)Â Â Â Â 2024Â Â Â Â 2023CASH FLOWS FROM OPERATING ACTIVITIES:Â â€‹Â Â Â â€‹Â Â Net lossâ€‹$ (2,061)â€‹$ (1,056)Adjustments to reconcile net loss to net cash (used in) provided by operating activities:â€‹Â â€‹â€‹Â â€‹Depreciation and amortizationâ€‹Â 1,391â€‹Â 1,128Amortization of debt issue costsâ€‹Â 38â€‹Â 37Change in fair value of stock acquisition termination feeâ€‹Â 419â€‹Â â€”Stock-based compensationâ€‹Â 18â€‹Â 9Change in contract loss provisionâ€‹Â 223â€‹Â (43)Deferred income taxesâ€‹Â â€”â€‹Â (323)Gain on disposal of fixed assetsâ€‹â€‹ â€”â€‹â€‹ (40)Changes in operating assets and liabilities:â€‹Â â€‹â€‹â€‹â€‹Accounts receivableâ€‹Â (16)â€‹Â (684)Contract assetsâ€‹Â (1,018)â€‹Â 851Work-in-process and raw materials â€‹Â (110)â€‹Â (379)Other current assetsâ€‹Â 105â€‹Â (117)Accounts payableâ€‹Â 1,741â€‹Â (617)Accrued expensesâ€‹Â 208â€‹Â (84)Contract liabilitiesâ€‹Â (1,271)â€‹Â 847Other noncurrent liabilitiesâ€‹â€‹ (92)â€‹â€‹ 1,729Net cash (used in) provided by operating activitiesâ€‹Â (425)â€‹Â 1,258CASH FLOWS FROM INVESTING ACTIVITIES:â€‹Â â€‹â€‹Â â€‹Proceeds from insurance claim on fixed assetsâ€‹â€‹ â€”â€‹â€‹ 62Purchases of property, plant, and equipmentâ€‹Â (1,622)â€‹Â (2,659)Reimbursements for purchases of property, plant and equipmentâ€‹â€‹ 1,000â€‹â€‹ â€”Net cash used in investing activitiesâ€‹â€‹ (622)â€‹â€‹ (2,597)CASH FLOWS FROM FINANCING ACTIVITIES:â€‹Â â€‹â€‹Â â€‹Proceeds from private placementâ€‹â€‹ 1,801â€‹â€‹ â€”Private placement feesâ€‹â€‹ (213)â€‹â€‹ â€”Debt issue costsâ€‹â€‹ (48)â€‹â€‹ â€”Revolver loan borrowingsâ€‹â€‹ 6,746â€‹â€‹ 6,710Revolver loan paymentsâ€‹â€‹ (6,931)â€‹â€‹ (5,460)Payments of principal for leases â€‹â€‹ (5)â€‹â€‹ (11)Repayments of long-term debtâ€‹Â (309)â€‹â€‹ (296)Net cash provided by financing activitiesâ€‹Â 1,041â€‹Â 943Net decrease in cash and cash equivalentsâ€‹Â (6)â€‹Â (396)Cash and cash equivalents, beginning of periodâ€‹Â 138â€‹Â 534Cash and cash equivalents, end of periodâ€‹$ 132â€‹$ 138SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:â€‹Â â€‹â€‹Â â€‹Cash paid for interest; net of amounts capitalizedâ€‹$ 207â€‹$ 201â€‹See accompanying notes to the condensed consolidated financial statements.SUPPLEMENTAL INFORMATION â€“ NONCASH TRANSACTIONS:Noncash OperatingOn April 29, 2024, we extinguished a liability of $1,117 when we issued 320,000 shares of common stock in connection with the breakup fee payment as set forth under an agreement to terminate the acquisition of Votaw Precision Technologies, Inc.Noncash FinancingOn April 29, 2024, we issued 320,000 shares of common stock with a fair value of $1,536 for the breakup fee payment as set forth under an agreement to terminate the acquisition of Votaw Precision Technologies, Inc. The additional $419 was based on the change in fair value of shares at the time of issuance was recorded in April 2024.â€‹6Table of ContentsNOTESÂ TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)(in thousands, except per share data)NOTEÂ 1Â - DESCRIPTION OF BUSINESSTechPrecision Corporation, or â€œTechPrecisionâ€, is a Delaware corporation organized in February 2005 under the name Lounsberry Holdings II, Inc. On February 24, 2006, we acquired all the issued and outstanding capital stock of our wholly owned subsidiary Ranor, Inc., or â€œRanor.â€ Ranor, together with its predecessors, has been in continuous operation since 1956. The name was changed to TechPrecision Corporation on March 6, 2006.TechPrecision is the parent company of Ranor, Westminster Credit Holdings, LLC, or â€œWCHâ€, Stadco New Acquisition, LLC, or â€œAcquisition Subâ€, and Stadco. TechPrecision, Ranor, WCH, Acquisition Sub and Stadco are collectively referred to as the â€œCompanyâ€, â€œweâ€, â€œusâ€ or â€œourâ€.We are a custom manufacturer of precision, large-scale fabrication components and precision, large-scale machined metal structural components. The components that we manufacture are customer designed. We sell to customers in two main industry sections: defense and precision industrial markets.NOTEÂ 2Â - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIESBasis of Presentation and Consolidation - The accompanying condensed consolidated financial statements include the accounts of TechPrecision, Ranor, Stadco, WCH, and Acquisition Sub. Intercompany transactions and balances have been eliminated in consolidation. The accompanying condensed consolidated balance sheet as of September 30, 2024, the condensed consolidated statements of operations and stockholdersâ€™ equity for the three and six months ended September 30, 2024 and 2023, and the condensed consolidated statements of cash flows for the six months ended September 30, 2024 and 2023 are unaudited, and, in the opinion of management, include all adjustments that are necessary for a fair presentation of our financial statements for interim periods in accordance with U.S. Generally Accepted Accounting Principles, or â€œU.S. GAAPâ€. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The results of operations for an interim period are not necessarily indicative of the results of operations to be expected for the fiscal year.These notes to the condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission, or the â€œSECâ€, for Quarterly Reports on Form 10-Q. Certain information and disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited financial statements and related notes should be read in conjunction with the consolidated financial statements included with our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, filed with the SEC on September 13, 2024.Use of Estimates in the Preparation of Financial StatementsÂ - In preparing the condensed consolidated financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and revenue and expenses during the reporting period. We continually evaluate our estimates, including those related to revenue recognition and income taxes. We base our estimates on historical and current experiences and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from those estimates.Liquidity and Going Concern - Our liquidity is highly dependent on the availability of financing facilities and our ability to generate positive operating cash flow. For the six months ended September 30, 2024, we reported a net loss of $2,061.As of September 30, 2024, we had approximately $1,275 in total available liquidity, consisting primarily of $132 in cash and cash equivalents, and $1,143 in undrawn capacity under our revolver loan. As of March 31, 2024, we had approximately $677 in total available liquidity, consisting of $138 in cash and cash equivalents, and $539 in undrawn capacity under our revolver loan.7Table of ContentsThe Company is the borrower under a Loan Agreement which was amended on May 28, 2024, Ranor and certain affiliates of the Company entered into the Eighth Amendment to Amended and Restated Loan Agreement and Fourth Amendment to Second Amended and Restated Promissory Note, or the â€œEighth Amendmentâ€. In addition to extending the maturity date of the revolver loan to August 30, 2024, the Eighth Amendment reduced the maximum principal amount from $5,000 to $4,500 and required that an operational assessment be performed, primarily at Stadco, by an acceptable third-party consultant. The lender has acknowledged receipt of that operational assessment of Stadco as required pursuant to the Eighth Amendment.On September 4, 2024, Ranor and the other Borrowers entered into a Ninth Amendment to Amended and Restated Loan Agreement and Fifth Amendment to Second Amended and Restated Promissory Note, or the â€œNinth Amendmentâ€, with Berkshire Bank. Effective August 30, 2024, the Ninth Amendment, among other things, extended the maturity date of the Revolver Loan from August 30, 2024 to January 15, 2025.On December 19, 2024, Ranor and the other Borrowers entered into a Tenth Amendment to Amended and Restated Loan Agreement and Sixth Amendment to Second Amended and Restated Promissory Note, or the â€œTenth Amendmentâ€, with Berkshire Bank. The Tenth Amendment, among other things, extended the maturity date of the Revolver Loan from January 15, 2025 to April 30, 2025 (see Note 16 - Subsequent Event).The Company acknowledges that a certain event of default has occurred and is continuing under the Loan Agreement as a result of the Companyâ€™s failure to satisfy the Debt Service Coverage Ratio, or DSCR, for the twelve-month period ending September 30, 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.There was $7,154 in total outstanding debt under the Loan Agreement on September 30, 2024. Without a waiver, the lender has the right, but not the obligation, to demand repayment from the Company for noncompliance with the debt covenants. In addition, the lender retains the right to act on covenant violations that occur after the date of delivery of any waiver. The lender has not granted us a waiver. As such, we need to seek alternative financing to pay these obligations as the Company does not have existing facilities or sufficient cash on hand to satisfy these obligations. It is also probable that the Company will not be in compliance with the same debt covenants at subsequent measurement dates within the next twelve months. As a result of the above, all of our long-term debt has been classified as current in our condensed consolidated balance sheet.The Company is exploring various means of strengthening its liquidity position and ensuring compliance with its debt financing covenants by improving profitability of Stadco operations, renewing our revolver loan, or entering into alternative debt facilities.On July 3, 2024, the Company entered into a Securities Purchase Agreement with certain accredited investors, pursuant to which the Company sold 521,800 shares of the Companyâ€™s common stock, par value $0.0001 per share, and 521,800 common stock purchase warrants to purchase 521,800 shares of Common Stock in a private placement at an aggregate purchase price of $1,801. The combined purchase price for one share and one warrant was $3.45. The purpose of the private placement was to raise working capital for use by the Company. The closing of the offering occurred on July 8, 2024. Placement fees in connection with the offering totaled $213. In addition, the Company issued to the placement agent common stock purchase warrants to purchase up to 19,983 shares of common stock.8Table of ContentsIn order for us to continue operations beyond the next twelve months from the date of issuance of the financial statements and to be able to discharge our liabilities and commitments in the normal course of business, we must renew our revolver loan by April 30, 2025, or seek alternative financing if the lender calls the loan due to default. We must mitigate our recurring operating losses at our Stadco subsidiary, efficiently increase utilization of our manufacturing capacity, and improve the manufacturing process. We plan to closely monitor our expenses and, if required, will reduce operating costs to enhance liquidity.The uncertainty associated with the recurring operating losses at Stadco, the revolver loan renewal, the need for alternative financing, and compliance with debt covenants at current and subsequent measurement dates raise substantial doubt about our ability to continue as a going concern for at least one-year after the date the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q are issued.The condensed consolidated financial statements for the three and six months ended September 30, 2024, were prepared on the basis of a going concern which contemplates that we will be able to realize assets and discharge liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should we be required to liquidate assets. Our ability to satisfy our current liabilities and to continue as a going concern is dependent upon the Companyâ€™s compliance with the debt covenants, renewing the revolver loan, and its ability to grow revenue and reduce costs at Stadco. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.New Accounting Standards Not Yet AdoptedIn November 2024, the Financial Accounting Standards Board, or the â€œFASBâ€, issued Accounting Standards Update, or â€œASUâ€, 2024 - 03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220 - 40), Disaggregation of Income Statement Expenses. The ASU will require the Company to provide more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) in commonly presented expense captions (such as cost of sales, SG&A, and research and development). The ASU does not change the expense captions an entity presents on the face of the income statement. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. The Company is currently evaluating this update to determine the impact it may have on the disclosures to its condensed consolidated financial statements.In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments in ASU 2023-09 address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This standard update is effective for annual reporting periods beginning after December 15, 2024. The Company is currently evaluating this update to determine the impact it may have on the disclosures to the consolidated financial statements.In November 2023, the FASB issued ASU 2023-07, Segment Reporting â€“ Improvements to Reportable Segment Disclosures. The guidance in this update enhances segment reporting by expanding the breadth and frequency of segment disclosures required for public entities and allows registrants to disclose multiple measures of segment profit or loss. This update requires a public entity to disclose its significant segment expense categories and amounts for each reportable segment. A significant segment expense is any significant expense incurred by the segment, including direct expenses, shared expenses, allocated corporate overhead, or interest expense that is regularly reported to the Chief Operating Decision Maker, or CODM, and is included in the measure of segment profit or loss. This standard update is effective for fiscal years beginning after December 15, 2023, and interim periods in fiscal years beginning after December 15, 2024. The Company is currently evaluating this update to determine the impact it may have on the disclosures to its condensed consolidated financial statements and will apply the guidance retrospectively.â€‹9Table of ContentsNOTEÂ 3Â â€“ REVENUEThe Company generates revenue primarily from performance obligations completed under contracts with customers in two main market sectors: defense and precision industrial. The period over which the Company performs its obligations is generally between three and thirty-sixÂ months. Revenue is recognized over-time or at a point-in-time given the terms and conditions of the related contracts. The Company utilizes an inputs methodology based on estimated labor hours to measure performance progress. This model best depicts the transfer of control to the customer. The Companyâ€™s contract portfolio is comprised of fixed-price contracts and provide for product type revenue only. The following table presents revenue on a disaggregated basis by market and contract type:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Revenue by marketÂ Â Â Â DefenseÂ Â Â Â IndustrialÂ Â Â Â TotalsThree months ended September 30, 2024â€‹$ 8,919â€‹$ 27â€‹$ 8,946Three months ended September 30, 2023â€‹$ 7,960â€‹$ 10â€‹$ 7,970Six months ended September 30, 2024â€‹$ 16,861â€‹$ 71â€‹$ 16,932Six months ended September 30, 2023â€‹$ 15,159â€‹$ 182â€‹$ 15,341â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Revenue by contract typeÂ Â Â Â Over-TimeÂ Â Â Â Point-in-TimeÂ Â Â Â TotalsThree months ended September 30, 2024â€‹$ 8,532â€‹$ 414â€‹$ 8,946Three months ended September 30, 2023â€‹$ 7,414â€‹$ 556â€‹$ 7,970Six months ended September 30, 2024â€‹$15,861â€‹$1,071â€‹$16,932Six months ended September 30, 2023â€‹$14,347â€‹$994â€‹$15,341â€‹As of September 30, 2024, the Company had $48,641 of remaining performance obligations, of which $41,304 were less than 50%

complete. The Company expects to recognize all of its remaining performance obligations as revenue within the next thirty-sixÂ months.We are dependent each year on a small number of customers who generate a significant portion of our business, and these customers change from year to year. The following table sets forth revenue from customers who accounted for more than 10% of our revenue.â€‹Three months endedâ€‹Three months endedâ€‹Six months endedâ€‹Six months endedâ€‹â€‹September 30, 2024â€‹September 30, 2023Â September 30, 2024â€‹September 30, 2023â€‹CustomerÂ Â Â Â AmountÂ Â Â Â PercentÂ Â Â Â AmountÂ Â Â Â Percentâ€‹AmountÂ Â Â Â PercentÂ Â Â Â AmountÂ Â Â Â PercentÂ Â Aâ€‹$ 1,531Â 17%Â Â $ 2,560Â 32%$ 3,064â€‹ 18%Â Â $ 4,845â€‹ 32%Bâ€‹$ 898Â 10%Â Â $*Â *%$ 1,890â€‹ 11%Â Â $*â€‹*%Câ€‹$ 1,206â€‹ 13%Â Â $*â€‹*%$ 2,281â€‹ 13%Â Â $*â€‹*%Dâ€‹$ 1,041â€‹ 12%Â Â $*â€‹*%$*â€‹*%Eâ€‹$ 1,365â€‹ 15%Â Â $ 1,235â€‹ 16%$ 3,238â€‹ 19%$ 2,101â€‹ 13%Fâ€‹$ 2,113â€‹ 24%$*â€‹*%$ 2,992â€‹ 18%$*â€‹*%Gâ€‹$*â€‹*%$*â€‹*%$*â€‹*%Hâ€‹$*â€‹*%$*â€‹*%$*â€‹*%*Less than 10% of totalIn our condensed consolidated balance sheet, contract assets and contract liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. Contract assets consist of the following at:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Progressâ€‹â€‹â€‹â€‹Â Â Â Â UnbilledÂ Â Â Â paymentsÂ Â Â Â TotalSeptember 30, 2024 â€‹$ 22,818â€‹$ (13,273)â€‹$ 9,545March 31, 2024â€‹$ 19,255â€‹$ (10,728)â€‹$ 8,527â€‹10Table of ContentsFor the six months ended September 30, 2024 and 2023, we recognized revenue of $2,056 and $1,195 related to our contract liabilities as of April 1, 2024 and 2023. Contract liabilities consist of the following as of:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â â€‹â€‹Â Â Â Â CustomerÂ Â Â Â Â Â Â Â â€‹â€‹â€‹DeferredÂ Revenueâ€‹Depositsâ€‹TotalSeptember 30, 2024â€‹$ 886â€‹$ 1,631â€‹$ 2,517March 31, 2024â€‹$ 2,104â€‹$ 1,684â€‹$ 3,788â€‹â€‹NOTEÂ 4Â â€“ INCOME TAXESThe tax provision for interim periods is determined using the estimated annual effective consolidated tax rate, based on the current estimate of full-year earnings before taxes, adjusted for the impact of discrete quarterly items.In assessing the recoverability of deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. We have determined that it is more likely than not that certain future tax benefits may not be realized. The assessment was based on the weight of negative evidence at the balance sheet date, our recent operating losses and unsettled circumstances that, if unfavorably resolved, would adversely affect future operations and profit levels. Accordingly, a valuation allowance has been recorded against deferred tax assets that are unlikely to be realized. Realization of deferred tax assets will depend on the generation of sufficient taxable income in the appropriate jurisdictions, the reversal of deferred tax liabilities, tax planning strategies and other factors prior to the expiration date of the carryforwards. A change in the estimates used to make this determination could require an increase or a reduction the valuation allowance currently recorded against those deferred tax assets. The valuation allowance on deferred tax assets was approximately $5,900 on September 30, 2024 and $5,300 on March 31, 2024. We believe that it is more likely than not that the benefit from certain NOL carryforwards and other deferred tax assets will not be realized.For the three months ended September 30, 2024, there was no change in our judgment about the realizability of deferred tax assets in future years, and, therefore, no expense or benefit provided for income taxes. We recorded an income tax benefit for the three ($177) and six months ($323) ended September 30, 2023. The Companyâ€™s effective tax rate for the six months ended September 30, 2023 was 23.4%.â€‹NOTEÂ 5Â â€“ EARNINGS PER SHARE (EPS)Basic EPS is computed by dividing reported earnings available to stockholders by the weighted average number of shares outstanding. Diluted EPS also includes the effect of stock options and restricted stock that would be dilutive. The following table provides a reconciliation of the numerators and denominators reflected in the basic and diluted earnings per share computations for the periods ended:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â Three Months endedÂ Â Â Â Three Months endedÂ Â Â Â Six Months endedÂ Â Â Â Six Months endedâ€‹â€‹September 30, 2024â€‹September 30, 2023â€‹September 30, 2024â€‹September 30, 2023â€‹Basic and diluted EPSâ€‹ â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Net lossâ€‹$ (601)â€‹$ (528)â€‹$ (2,061)â€‹$ (1,056)â€‹Weighted average shares â€“ basic and dilutedâ€‹Â 9,568,660â€‹ â€‹ 8,720,603â€‹ â€‹ 9,279,967â€‹ â€‹ 8,667,298â€‹Net loss per shareâ€‹$ (0.06)â€‹$ (0.06)â€‹$ (0.22)â€‹$ (0.12)â€‹â€‹â€‹The following table depicts all potential common stock equivalents that have an anti-dilutive effect are excluded from the calculation of diluted EPS (i.e., those that increase income per share or decrease loss per share), for the periods ended:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â ThreeÂ MonthsÂ endedÂ Â Â Â ThreeÂ MonthsÂ endedÂ Â Â Â SixÂ MonthsÂ endedÂ Â Â Â SixÂ MonthsÂ endedâ€‹â€‹SeptemberÂ 30,Â 2024â€ options Â 542,500Â 542,500Â 542,500Â 542,500Warrants Â 566,783Â 25,000Â 566,783Â 25,000Restricted stock Â 10,000Â â€”Â 10,000Â â€”â€‹â€‹11Table of ContentsNOTEÂ 6Â â€“ STOCK-BASED COMPENSATIONThe 2016 TechPrecision Equity Incentive Plan, or the â€œ2016 Planâ€, is designed to reflect our commitment to having best practices in both compensation and corporate governance. The 2016 Plan provides for a share reserve of 1,250 shares of common stock.The 2016 Plan authorizes the award of incentive and non-qualified stock options, restricted and unrestricted stock awards, restricted stock units, and performance awards to employees, directors, consultants, and other individuals who provide services to TechPrecision or its affiliates. The purpose of the 2016 Plan is to: (a) enable TechPrecision and its affiliated companies to recruit and retain highly qualified employees, directors and consultants; (b) provide those employees, directors and consultants with an incentive for productivity; and (c) provide those employees, directors and consultants with an opportunity to share in the growth and value of the Company. Subject to adjustment as provided in the 2016 Plan, the maximum number of shares of common stock that may be issued with respect to awards under the 2016 Plan is 1,250 shares (inclusive of awards issued under the 2006 Long-Term Incentive Plan, or the â€œ2006 Planâ€, that remained outstanding as of the effective date of the 2016 Plan). Shares of our common stock subject to awards that expire unexercised or are otherwise forfeited shall again be available for awards under the 2016 Plan.As of September 30, 2024, there were 257,500 shares available for grant under the 2016 Plan. The following table summarizes information about options granted during the most recently completed periods:â€‹Weightedâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Averageâ€‹â€‹â€‹â€‹Weightedâ€‹Aggregateâ€‹Remainingâ€‹â€‹NumberÂ vested, and exercisable at March 31, 2024â€‹ 542,500â€‹$ 1.53â€‹$ 1,129â€‹ 2.93Outstanding, vested, and exercisable at September 30, 2024â€‹ 542,500â€‹$ 1.53â€‹$ 1,091â€‹ 2.49â€‹The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the closing stock price on the last trading day of the first quarter of fiscal 2025 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options as of September 30, 2024. This amount changes based on the fair market value of the Companyâ€™s common stock. The maximum contractual term is tenÂ years for option grants. Other information relating to stock options outstanding as of September 30, 2024 is as follows:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Weightedâ€‹â€‹â€‹â€‹â€‹â€‹â€‹Â OptionsÂ AverageÂ Options o/sÂ Exercisableâ€‹â€‹OutstandingÂ RemainingÂ WeightedÂ Weightedâ€‹â€‹AndÂ Contractualâ€‹Averageâ€‹AverageRange of Exercise Prices:Â Â Â Â ExercisableÂ Â Â Â TermÂ Â Â Â ExerciseÂ PriceÂ Â Â Â ExerciseÂ Price$0.01-$0.99Â 192,500Â 0.86â€‹$ 0.32â€‹$ 0.32$2.00-$2.99Â 350,000Â 2.67â€‹$ 2.19â€‹$ 2.19TotalÂ 542,500Â â€‹â€‹Â Â Â â€‹Â Â Â â€‹Restricted Stock AwardOn August 3, 2023, we issued 15,000 shares of restricted common stock to the Companyâ€™s CFO. Under the terms of the employment agreement, provided employment with the Company continues from the grant date through the applicable vesting dates, 5,000 shares of the restricted stock will vest on each of the first, second, and third anniversaries of the effective employment date of July 17, 2023. Fair value of $111 was measured on the date of grant based on the number of shares expected to vest and the quoted market price of the Companyâ€™s common stock. Stock-based compensation expense will be recognized ratably over the vesting period. Total recognized compensation cost related to this award for the quarter ended September 30, 2024, was $19. On September 30, 2024, there was $92 of remaining unrecognized compensation cost related to this award which is expected to be recognized over the next twenty-four months.â€‹12Table of ContentsNOTEÂ 7Â - CONCENTRATION OF CREDIT RISKWe maintain bank account balances, which, at times, may exceed insured limits. We have not experienced any losses with these accounts and believe that we are not exposed to any significant credit risk on cash.As of September 30, 2024, there were trade accounts receivable balances outstanding from three customers comprising 75% of the total trade receivables balance. The following table sets forth information as to trade accounts receivable from customers who accounted for more than 10% of our accounts receivable balance as of:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹SeptemberÂ 30,Â 2024â€‹MarchÂ 31,Â 2024Â CustomerÂ Â Â Â AmountÂ Â Â Â PercentÂ Â Â Â AmountÂ Â Â Â PercentÂ Aâ€‹$*Â *%Â Â $ 383Â 16%Bâ€‹$*Â *%Â Â $*Â *%Câ€‹$*Â *%Â Â $*Â *%Dâ€‹$ 384Â 16%Â Â $*Â *%Eâ€‹$ 1,031Â 43%Â Â $ 1,042Â 44%Fâ€‹$*Â *%Â Â $*Â *%Gâ€‹$ 376Â 16%Â Â $*Â *%Hâ€‹$*Â *%Â Â $ 423Â 18%*less than 10% of totalâ€‹NOTEÂ 8Â - OTHER CURRENT ASSETSâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Other current assets included the following as of:Â Â Â Â SeptemberÂ 30,Â 2024Â Â Â Â MarchÂ 31,Â 2024Prepaid insuranceâ€‹$ 189â€‹$ 337Prepaid subscriptionsâ€‹Â 78â€‹Â 120Prepaid taxesâ€‹Â 94â€‹Â 27Supplier advancesâ€‹â€‹ 12â€‹â€‹ 26Depositsâ€‹â€‹ 39â€‹â€‹ 20Employee advancesâ€‹Â 29â€‹ â€‹ 17Prepaid advisory fees, otherâ€‹Â 18â€‹ â€‹ 17Totalâ€‹$ 459â€‹$ 564â€‹â€‹NOTEÂ 9Â - PROPERTY, PLANT AND EQUIPMENT, NETâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Property, plant and equipment included the following as of:Â Â Â Â SeptemberÂ 30,Â 2024Â Â Â Â MarchÂ 31,Â 2024Landâ€‹$ 110â€‹$ 110Building and improvementsâ€‹Â 3,294â€‹ â€‹ 3,294Machinery equipment, furniture, and fixturesâ€‹Â 25,318â€‹ â€‹ 25,591Construction-in-progressâ€‹Â 977â€‹ â€‹ 148Total property, plant, and equipmentâ€‹Â 29,699â€‹ â€‹ 29,143Less: accumulated depreciationâ€‹Â (15,319)â€‹ â€‹ (14,345)Total property, plant and equipment, netâ€‹$ 14,380â€‹$ 14,798â€‹â€‹For the six months ended September 30, 2024 and 2023, we recorded depreciation expense of $1,040 and $789, respectively.In September 2023, the Company signed an agreement to make additional equipment upgrades for a certain customer. We recognize new purchases as a fixed asset and billings for reimbursement from the customer as a contra-asset. Future depreciation of the asset will be offset directly by the amortization of the contra-asset on a net basis in the statement of operations. The amortization period will match the schedule of depreciation set forth under our policies.â€‹13Table of ContentsNOTEÂ 10Â - ACCRUED EXPENSESâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Accrued expenses included the following as of:Â Â Â Â SeptemberÂ 30,Â 2024Â Â Â Â MarchÂ 31,Â 2024Accrued compensationâ€‹$ 1,225â€‹$ 1,172Provision for claims â€‹â€‹ 444â€‹â€‹ 517Provision for contract lossesâ€‹Â 516â€‹ â€‹ 293Accrued professional feesâ€‹Â 421â€‹ â€‹ 459Accrued project costsâ€‹Â 1,131â€‹ â€‹ 560Accrued breakup feeâ€‹â€‹ â€”â€‹â€‹ 1,117Otherâ€‹Â 199â€‹ â€‹ 145Totalâ€‹$ 3,936â€‹$ 4,263â€‹Accrued compensation includes amounts for executive bonuses, payroll and vacation and holiday pay. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in the provision are recorded in cost of revenue. Accrued project costs are estimates for certain project expenses during the reporting period.Due to a change in certain conditions and events, it became probable that on March 31, 2024, the Company would not be able to close on the acquisition of Votaw Precision Technologies, Inc. and accrued a breakup fee of $1,117. On April 29, 2024, we issued 320,000 shares of common stock with a fair value of $1,536 for the breakup fee payment as set forth under the terms and conditions of the agreement. The additional $419 was based on the change in fair value of shares at the time of issuance was recorded in April 2024.â€‹NOTEÂ 11Â â€“ DEBTâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Debt included the following loans as of:Â Â Â Â SeptemberÂ 30,Â 2024Â Â Â Â MarchÂ 31,Â 2024Stadco Term Loan, at 3.79% interest, due August 2028â€‹$ 2,370â€‹$ 2,647Ranor Term Loan, at 6.05% interest, due December 2027â€‹â€‹ 2,184â€‹â€‹ 2,216Ranor Revolver Loan, due April 2025â€‹â€‹ 2,600â€‹â€‹ 2,785Total debtâ€‹$ 7,154â€‹$ 7,648Less: debt issue costs unamortizedâ€‹$ 99â€‹$ 89Total debt, netâ€‹$ 7,055â€‹$ 7,559Less: Current portion of long-term debtâ€‹$ 7,055â€‹$ 7,559Total long-term debt, netâ€‹$ â€”â€‹$ â€”â€‹Amended and Restated Loan AgreementOn August 25, 2021, the Company entered into an amended and restated loan agreement with Berkshire Bank, or the â€œLoan Agreementâ€. Under the Loan Agreement, Berkshire Bank will continue to provide the Ranor Term Loan (as defined below) and the revolving line of credit, or the â€œRevolver Loanâ€. In addition, Berkshire Bank provided the Stadco Term Loan (as defined below) in the original amount of $4,000. The proceeds of the original Ranor Term Loan of $2,850 were previously used to refinance existing mortgage debt of Ranor. The proceeds of the Revolver Loan are used for working capital and general corporate purposes of the Company. The proceeds of the Stadco Term Loan were used to support the acquisition of Stadco and refinance existing indebtedness of Stadco.Stadco Term LoanOn August 25, 2021, Stadco borrowed $4,000 from Berkshire Bank, or the â€œStadco Term Loanâ€, under the Loan Agreement. Interest on the Stadco Term Loan is due on unpaid balances beginning on August 25, 2021 at a fixed rate per annum equal to theÂ 7 yearÂ Federal Home Loan Bank of Boston Classic Advance Rate plusÂ 2.25%. Since September 25, 2021 and on the 25th day of each month thereafter, Stadco has made and will continue to make monthly payments of principal and interest in the amount of $54, with all remaining outstanding principal and accrued interest due and payable on August 25, 2028. Interest shall be calculated based on actual days elapsed and a 360-day year.Unamortized debt issue costs as of September 30, 2024, and March 31, 2024 were $24 and $30, respectively.14Table of ContentsRanor Term Loan and Revolver LoanA term loan was made to Ranor by Berkshire Bank in 2016 in the amount of $2,850, or the â€œRanor Term Loanâ€. Payments began on January 20, 2017, and were made in monthly installments of $19, inclusive of interest at a fixed rate of 5.21% per annum, with all outstanding principal and accrued interest due and payable on the original maturity date, December 20, 2021.Since December 2021, Ranor and certain affiliates of the Company entered into nine separate amendments to the Amended and Restated Loan Agreement and Promissory Note to extend the maturity date of the Ranor Term Loan and Revolver Loan to December 15, 2027 and January 15, 2025, respectively.On December 20, 2023, Ranor and certain affiliates of the Company entered into a Sixth Amendment to Amended and Restated Loan Agreement and Second Amendment to Second Amended and Restated Promissory Note, or the â€œSixth Amendmentâ€. Effective December 20, 2023, the Sixth Amendment, among other things (i) extended the maturity date of the Revolver Loan from December 20, 2023 to March 20, 2024; (ii) limited the use of proceeds from the Revolver Loan by the Company or its affiliates to $1,000 in the aggregate for due diligence and related professional costs incurred on or prior to March 20, 2024 in connection with any acquisitions; and (iii) makes certain changes to the amount and methods of valuation of equipment securing repayment of the borrowed funds.On March 20, 2024, Ranor and certain affiliates of the Company entered into a Seventh Amendment to Amended and Restated Loan Agreement and Third Amendment to Second Amended and Restated Promissory Note, or the â€œSeventh Amendmentâ€. Effective March 20, 2024, the Seventh Amendment, among other things (i) extended the maturity date of the Revolver Loan from March 20, 2024 to May 20, 2024; (ii) limited the use of proceeds from the Revolver Loan by the Company or its affiliates to $2,000 in the aggregate for due diligence and related professional costs incurred on or prior to May 10, 2024 in connection with any acquisitions; and (iii) makes certain changes to the amount and methods of valuation of equipment securing repayment of the borrowed funds. Through May 20, 2024, Ranor utilized a revolving line of credit with, following certain modifications, a maximum principal amount available of $5,000. Advances under the Revolver Loan are subject to a borrowing base equal to the lesser of (a) $5,000 or (b) the sum of (i) 80% of the net outstanding amount of Base Accounts, plus (ii) the lesser of (x) 25% of Eligible Raw Material Inventory, and (y) $250, plus (iii) 80% of the Appraised Value of the Eligible Equipment, as such terms are defined in the Loan Agreement.The Company agrees to pay to Berkshire Bank, as consideration for Berkshire Bankâ€™s agreement to make the Revolver Loan available, a nonrefundable Revolver Loan fee equal to 0.25% per annum (computed based on a year of 360 days and actual days elapsed) on the difference between the amount of: (a) $5,000, and (b) the average daily outstanding balance of the Revolver Loan during the quarterly period then ended. All Revolver Loan fees are payable quarterly in arrears on the first day of each January, April, July and October and on the Revolver Maturity Date, or upon acceleration of the Revolver Loan, if earlier. Interest-only payments on advances made under the Revolver Loan will continue to be payable monthly in arrears. Under the amended promissory note for the Revolver Loan, the Company pays interest at the Term SOFR-based rate.On May 28, 2024, Ranor and the other Borrowers entered into an Eighth Amendment to Amended and Restated Loan Agreement and Fourth Amendment to Second Amended and Restated Promissory Note with Berkshire Bank. Effective May 24, 2024, the Eighth Amendment, among other things, (i)Â extended the maturity date of the Revolver Loan from May 24, 2024 to August 30, 2024; (ii)Â amended the maximum principal amount of the Revolver Loan from $5,000 to $4,500; and (iii) effective on June 1, 2024, increases the Term SOFR Margin (as defined in the Amendment) used to calculate the interest rate from 2.25% per annum to 2.50% per annum.On September 4, 2024, Ranor and the other Borrowers entered into a Ninth Amendment to Amended and Restated Loan Agreement and Fifth Amendment to Second Amended and Restated Promissory Note, or the â€œNinth Amendmentâ€, with Berkshire Bank. Effective August 30, 2024, the Ninth Amendment, among other things, extended the maturity date of the Revolver Loan from August 30, 2024 to January 15, 2025.On December 19, 2024, Ranor and the other Borrowers entered into a Tenth Amendment to Amended and Restated Loan Agreement and Sixth Amendment to Second Amended and Restated Promissory Note, or the â€œTenth Amendmentâ€, with Berkshire Bank. The Tenth Amendment, among other things, extended the maturity date of the Revolver Loan from January 15, 2025 to April 30, 2025 (see Note 16 - Subsequent Event).Paid and accrued interest expense under the Revolver Loan during the six months ended September 30, 2024 and 2023 was $90 and $83, respectively. The weighted average interest rate as of September 30, 2024 and March 31, 2024 was 7.81% and 7.60%, respectively. 15Table of ContentsThe weighted average amount outstanding during the six months ended September 30, 2024 was $2,286. There was $2,600 outstanding under the Revolver Loan as of September 30, 2024. Unused borrowing capacity as of

September 30, 2024 and March 31, 2024 was approximately $1,143 and $539, respectively.Unamortized debt issue costs as of September 30, 2024 and March 31, 2024 were $75 and $59, respectively.Berkshire Loan CovenantsFor purposes of this discussion, Ranor and Stadco are referred to together as the â€œBorrowersâ€. The Ranor Term Loan, the Stadco Term Loan and the Revolver Loan, or together, the â€œBerkshire Loansâ€, may be accelerated upon the occurrence of an event of default as defined in the Loan Agreement. Upon the occurrence and during the continuance of certain default events, at the option of Berkshire Bank, or automatically without notice or any other action upon the occurrence of certain other events specified in the Loan Agreement, the unpaid principal amount of the Berkshire Loans together with accrued interest and all other obligations owing by the Borrowers to Berkshire Bank would become immediately due and payable without presentment, demand, protest, or further notice of any kind.The Company agreed to maintain compliance with certain financial covenants under the Loan Agreement. Namely, the Borrowers agree to maintain the ratio of the Cash Flow of TechPrecision-to-the Total Debt Service of TechPrecision of not less than 1.20 to 1.00, measured quarterly on the last day of each fiscal quarter, or annual period of TechPrecision on a trailing 12-month basis. Calculations will be based on the audited (year-end) and unaudited (quarterly) consolidated financial statements of TechPrecision. Quarterly tests will be measured based on the financial statements included in the Companyâ€™s quarterly reports on Form 10-Q within 60 days of the end of each quarter, and annual tests will be measured based on the financial statements included in the Companyâ€™s annual reports on Form 10-K within 120 days after the end of each fiscal annual period. Cash Flow means an amount, without duplication, equal to the sum of net income of TechPrecision plus (i) interest expense, plus (ii) taxes, plus (iii) depreciation and amortization, plus (iv) stock based compensation expense taken by TechPrecision, plus (v) non-cash losses and charges and one time or non-recurring expenses at Berkshire Bankâ€™s discretion, less (vi) the amount of cash distributions, if any, made to stockholders or owners of TechPrecision, less (vii) cash taxes paid by the TechPrecision, all as determined in accordance with U.S. GAAP. â€œTotal Debt Serviceâ€ means an amount, without duplication, equal to the sum of (i) all amounts of cash interest paid on liabilities, obligations, and reserves of TechPrecision paid by TechPrecision, (ii) all amounts paid by TechPrecision in connection with current maturities of long-term debt and preferred dividends, and (iii) all payments on account of capitalized leases, all as determined in accordance with U.S. GAAP.The Borrowers agree to cause their Balance Sheet Leverage to be less than or equal 2.50 to 1.00. For purposes of this covenant, â€œBalance Sheet Leverageâ€ means, at any date of determination, the ratio of Borrowersâ€™ (a) Total Liabilities, less Subordinated Debt, to (b) Net Worth, plus Subordinated Debt.The Borrowers agree to maintain a Loan-to-Value Ratio of not greater than 0.75 to 1.00. â€œLoan-to-Value Ratioâ€ means the ratio of (a) the sum of the outstanding balance of the Ranor Term Loan and the Stadco Term Loan to (b) the fair market value of the property pledged as collateral for the loan, as determined by an appraisal obtained from time to time by Berkshire Bank, but not more frequently than one time during each 365 day period (provided that Berkshire Bank may obtain an appraisal at any time after either the Ranor Term Loan or the Stadco Term Loan has been accelerated), which appraisals shall be at the expense of the Borrowers.The Borrowers agree that their combined annual capital expenditures shall not exceed $1,500, subject to certain agreed-upon exclusions. Compliance is tested annually.On June 12, 2023, the Company and Berkshire Bank executed a waiver under which Berkshire Bank waived the Companyâ€™s noncompliance with the capital expenditure limit on March 31, 2023. The waiver document also contained an agreement by the parties to exclude from the calculation of capital expenditures for purposes of the Loan Agreement during the year ending March 31, 2024, any such expenditures made by the Company to the extent they are made using funds provided by customers of the Company for the purpose of making such capital expenditures.The Company was not in compliance with the debt service and balance sheet leverage tests as of September 30, 2024. It is also probable that the Company will not be in compliance with the same debt covenants at subsequent measurement dates within the next twelve months. As a result of the above, all of our long-term debt has been classified as current in our consolidated balance sheet.16Table of ContentsCollateral securing all the above obligations comprises all personal and real property of the Company, including cash, accounts receivable, inventories, equipment, and financial assets. The carrying value of short and long-term borrowings approximates their fair value. The Companyâ€™s short-term and long-term debt is all privately held with no public market for this debt and is considered to be Level 3 under the fair value hierarchy.â€‹â€‹NOTEÂ 12Â - OTHER NONCURRENT LIABILITIESUnder an addendum to a contract purchase order, one of our customers agreed to reimburse the Company for the cost of certain new equipment. Payments are received as the Companyâ€™s incurs construction costs. All payments were received under this contract during the fiscal years ended March 31, 2024, 2023 and 2022. In case of a contract breach, at the time of the breach, the customer may claw back the funds based on a prorated ten-year straight-line annual declining balance recovery period. This liability amount is included in the Companyâ€™s condensed consolidated balance sheets as a noncurrent liability. In September 2023, we signed an agreement to purchase new equipment for another customer who agreed to reimburse the Company for the cost of the equipment. We received the first payment in fiscal 2024, with additional payments received during the six months ended September 30, 2024. Advance payments from the customer accrue in the Companyâ€™s condensed consolidated balance sheets as a noncurrent liability.A total of $3,528, in the aggregate, as of September 30, 2024, and March 31, 2024, was included in other noncurrent liabilities under the programs described above.In fiscal year 2023, Stadco entered into the Payment Agreement with the Los Angeles Department of Water and Power, or â€œLADWPâ€, to settle previously outstanding amounts for water, water service, electric energy and/or electric service in the aggregate amount of $1,800 that were delinquent and unpaid. Under the Payment Agreement, Stadco will make monthly installment payments on the unpaid balance beginning on December 15, 2022, in an aggregate amount of $18 per month until the earlier of November 15, 2030, or the amount due is paid in full. Late payments under the Payment Agreement accrue a late payment charge equal to an 18% annual rate on the unpaid balance. This liability amount was included in the Companyâ€™s balance sheet as a current and noncurrent liability as of September 30, 2024 and March 31, 2024 for $221 and $1,162, and $221 and $1,254, respectively.NOTEÂ 13Â â€“ LEASESOn August 25, 2021, Stadco became party to an amended building and property operating lease and recorded a right of use asset and liability of $6,694. Monthly base rent for the property is $83 per month. The term of the lease will expire on June 30, 2030, and the lessee has no right of renewal beyond the expiration date. The lease contains customary default provisions allowing the landlord to terminate the lease if the lessee fails to remedy a breach of its obligations under the lease within the period specified in the lease, or upon certain events of bankruptcy or seizure or attachment of the lesseeâ€™s assets or interest in the lease. The lease also contains other customary provisions for real property leases of this type.The following table lists our right-of-use assets and liabilities on our condensed consolidated balance sheets as of:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â September 30, 2024Â Â Â Â MarchÂ 31,Â 2024Right of Use AssetÂ â€‹â€‹â€‹â€‹Â Â Right of use asset â€“ operating leaseâ€‹$ 6,629â€‹$ 6,629Right of use asset â€“ finance leasesâ€‹â€‹ 65â€‹ â€‹ 65Amortizationâ€‹â€‹ (2,067)â€‹â€‹ (1,717)Right of use assets netâ€‹$ 4,627â€‹$ 4,977Lease liability â€“ operating leaseâ€‹$ 4,766â€‹$ 5,125Lease liability â€“ finance leasesâ€‹â€‹ 15â€‹â€‹ 19Total lease liabilityâ€‹$ 4,781â€‹$ 5,144â€‹17Table of ContentsOther supplemental information regarding our leases is contained in the following tables:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Components of lease expense for the six months ended:Â Â Â Â September 30, 2024Â Â Â Â September 30, 2023Operating lease amortizationâ€‹$ 346â€‹$ 330Finance lease amortizationâ€‹$ 5â€‹$ 9Finance lease interestâ€‹$ â€”â€‹$ 1â€‹â€‹â€‹â€‹â€‹â€‹â€‹Weighted average lease term and discount rate at:Â Â Â Â September 30, 2024Â Â Â Â September 30, 2023Â Lease term (years) â€“ operating leaseÂ 5.75â€‹ 6.75â€‹Lease term (years) â€“ finance leaseâ€‹ 1.50â€‹ 2.15â€‹Lease rate â€“ operating leaseâ€‹ 4.5% 4.5%Lease rate â€“ finance leaseÂ 3.2% 4.5%â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Supplemental cash flow information related to leases for the six months ended:Â Â Â Â September 30, 2024Â Â Â Â September 30, 2023Cash used in operating activitiesâ€‹$ 469â€‹$ 469Cash used in financing activitiesâ€‹$ 5â€‹$ 11â€‹Maturities of lease liabilities at September 30, 2024 for the next five years and thereafter:â€‹â€‹â€‹â€‹â€‹October 1, 2024 - September 30, 2025Â Â Â Â $ 949October 1, 2025 - September 30, 2026â€‹Â 944October 1, 2026 - September 30, 2027â€‹Â 939October 1, 2027 - September 30, 2028â€‹Â 939October 1, 2028 - September 30, 2029â€‹â€‹ 939Thereafterâ€‹Â 626Total lease paymentsâ€‹$ 5,336Less: imputed interestâ€‹Â 555Totalâ€‹$ 4,781â€‹â€‹â€‹NOTEÂ 14Â â€“ COMMITMENTS Purchase CommitmentsAs of September 30, 2024, we had approximately $5,911 in purchase obligations outstanding, which primarily consisted of contractual commitments to purchase new materials and supplies.Retirement BenefitsThe Company has two defined contribution and savings plan that covers substantially all employees who have completed 90 days of service. The Company contributed the following amounts to the plan during the periods ended:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â ThreeÂ MonthsÂ endedÂ Â Â Â ThreeÂ MonthsÂ endedÂ Â Â Â SixÂ MonthsÂ endedÂ Â Â Â SixÂ MonthsÂ endedâ€‹â€‹SeptemberÂ contributionsâ€‹$ 21â€‹$ 22â€‹$ 42â€‹$ 43â€‹Legal ProceedingThe estimated amounts of liabilities recorded for pending and threatened litigation are recorded in other current liabilities in our consolidated balance sheets. In accordance with the accounting standard for contingencies, we record a liability when management believes that it is both probable that a liability has been incurred and we can reasonably estimate the amount of the loss. Generally, the loss is recorded for the amount we expect to resolve the liability. We believe we have recorded adequate provisions for our litigation matters. We review and adjust these provisions quarterly to reflect the effect of negotiations, settlements, rulings, and advice.18Table of ContentsOn October 30, 2023, a former employee filed suit against Stadco asserting individual wage and hour claims, claims for age and disability discrimination under California law, and a collective action on behalf of all non-exempt Stadco employees pursuant to the California Private Attorneys General Act of 2004 (â€œPAGAâ€) [Cal. Lab. Code, ss. 2698, et seq.], to impose civil penalties for certain violations of the California Labor Code. Stadco has retained outside legal counsel to defend this action. The case has been stayed and was resolved in principle at mediation on June 26, 2024. The former employeeâ€™s individual claims were also resolved at mediation, and final settlement payment on the individual claims was due and paid in August 2024.On October 8, 2024, the Los Angeles County (CA) Superior Court approved the settlement of the Plaintiffâ€™s claim for imposition of civil penalties pursuant to the PAGA. Under the terms of the PAGA Settlement Agreement, the full PAGA settlement amount was paid by Stadco on December 12, 2024, which was included in accrued expenses under the provision for claims as of March 31, 2024 (see Note 10 â€“ Accrued Expenses).NOTEÂ 15Â â€“ SEGMENT INFORMATIONThe Company has two wholly owned subsidiaries, Ranor and Stadco that are reportable segments. All of the Companyâ€™s operations, assets, and customers are located in the U.S.Each reportable segment focuses on the manufacture and assembly of specific components, primarily for defense, aerospace and other industrial customers. However, both segments have separate operating, engineering, and sales teams. Our Chief Executive Officer, or â€œCEOâ€, is the Chief Operating Decision Maker, or â€œCODMâ€, and evaluates the performance of our segments based upon, among other things, segment revenue and operating profit. Segment operating profit excludes general corporate costs. Corporate costs include executive and director compensation, stock-based compensation, and other corporate and administrative expenses not allocated to the segments. The following table provides summarized financial information for our segments:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Three Months Endedâ€‹Six Months Endedâ€‹â€‹September 30,â€‹September 30,â€‹Â Â Â Â 2024Â Â Â Â 2023Â Â Â Â 2024Â Â Â Â 2023Ranorâ€‹$ 4,790â€‹$ 4,496â€‹$ 9,172â€‹$ 8,995Stadcoâ€‹Â 4,223â€‹ â€‹ 3,606â€‹â€‹ 7,827â€‹â€‹ 6,573Intersegment eliminationâ€‹â€‹ (67)â€‹â€‹ (132)â€‹â€‹ (67)â€‹â€‹ (227)Revenue from external customersâ€‹Â 8,946â€‹â€‹ 7,970â€‹â€‹ 16,932â€‹â€‹ 15,341Ranorâ€‹Â 1,141â€‹ â€‹ 673â€‹â€‹ 2,053â€‹â€‹ 1,547Stadcoâ€‹â€‹ (825)â€‹ â€‹ (323)â€‹â€‹ (2,159)â€‹â€‹ (1,227)Corporate and unallocated (1)â€‹â€‹ (804)â€‹â€‹ (947)â€‹â€‹ (1,723)â€‹â€‹ (1,497)Total operating lossâ€‹â€‹ (488)â€‹â€‹ (597)â€‹â€‹ (1,829)â€‹â€‹ (1,177)Other incomeâ€‹â€‹ â€”â€‹â€‹ 41â€‹â€‹ 13â€‹â€‹ 41Interest expenseâ€‹Â (113)â€‹ â€‹ (149)â€‹â€‹ (245)â€‹â€‹ (243)Consolidated loss before income taxes â€‹$ (601)â€‹$ (705)â€‹$ (2,061)â€‹$ (1,379)Depreciation and amortization:â€‹Â â€‹â€‹Â â€‹â€‹â€‹â€‹â€‹â€‹â€‹Ranorâ€‹â€‹â€‹â€‹â€‹â€‹â€‹$ 523â€‹$ 263Stadcoâ€‹â€‹â€‹â€‹â€‹â€‹â€‹Â 868â€‹Â 865Totalsâ€‹â€‹â€‹â€‹â€‹â€‹â€‹$ 1,391â€‹$ 1,128Capital expendituresâ€‹â€‹â€‹â€‹â€‹â€‹â€‹Â â€‹â€‹Â â€‹Ranorâ€‹â€‹â€‹â€‹â€‹â€‹â€‹$ 1,622â€‹$ 2,654Stadcoâ€‹â€‹â€‹â€‹â€‹â€‹â€‹Â â€”â€‹Â 5Totalsâ€‹â€‹â€‹â€‹â€‹â€‹â€‹$ 1,622â€‹$ 2,659(1)Corporate general costs include executive and director compensation, and other corporate administrative expenses not allocated to the segments.19Table of ContentsNOTE 16 â€“ SUBSEQUENT EVENTAs previously disclosed, Ranor, Inc. along with certain affiliates of the Company, entered into that certain Amended and Restated Loan Agreement, as amended from time to time, with Berkshire Bank under which, among other things, Berkshire Bank provided a revolving line of credit loan to the BorrowersUnder the Amended and Restated Loan Agreement and related loan documents, as further amended, the Revolver Loan had a maturity date of January 15, 2025. On December 19, 2024, Ranor and the other Borrowers entered into a Tenth Amendment to Amended and Restated Loan Agreement and Sixth Amendment to Second Amended and Restated Promissory Note with Berkshire Bank. The Amendment, among other things, extends the maturity date of the Revolver Loan from January 15, 2025 to April 30, 2025.â€‹â€‹20Table of ContentsItemÂ 2.Â Â Â Â Â Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations(in thousands, except per share data)Statement Regarding Forward Looking DisclosureThe following discussion of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and the related notes, which appear elsewhere in this Quarterly Report on Form 10-Q. This Quarterly Report on Form 10-Q, including this section titled â€œManagementâ€™s Discussion and Analysis of Financial Condition and Results of Operations,â€ may contain predictive or â€œforward-looking statementsâ€ within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of current or historical fact contained in this quarterly report, including statements that express our intentions, plans, objectives, beliefs, expectations, strategies, predictions, or any other statements relating to our future activities or other future events, or conditions are forward-looking statements. The words â€œanticipate,â€ â€œbelieve,â€ â€œcontinue,â€ â€œcould,â€ â€œestimate,â€ â€œexpect,â€ â€œintend,â€ â€œmay,â€ â€œplan,â€ â€œpredict,â€ â€œproject,â€ â€œwill,â€ â€œshould,â€ â€œwouldâ€ and similar expressions, as they relate to us, are intended to identify forward-looking statements.These forward-looking statements are based on current expectations, estimates and projections made by management about our business, our industry and other conditions affecting our financial condition, results of operations or business prospects. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in, or implied by, the forward-looking statements due to numerous risks and uncertainties. As discussed below under â€œLiquidity and Capital Resourcesâ€, certain events and conditions, when examined in the aggregate, indicate substantial doubt about our ability to continue as a going concern for at least one year beyond the date of the financial statements. Factors that could cause such outcomes and results to differ include, but are not limited to, risks and uncertainties arising from:â—our reliance on individual purchase orders, rather than long-term contracts, to generate revenue;â—our ability to balance the composition of our revenue and effectively control operating expenses;â—external factors that may be outside of our control, including health emergencies, like epidemics or pandemics, California wildfires, the conflicts in Eastern Europe and the Middle East, price inflation, increasing interest rates, and supply-chain inefficiencies;â—the availability of appropriate financing facilities impacting our operations, financial condition and/or liquidity;â—our ability to receive contract awards through competitive bidding processes;â—our ability to maintain standards to enable us to manufacture products to exacting specifications;â—our ability to enter new markets for our services;â—our reliance on a small number of customers for a significantÂ percentage of our business;â—competitive pressures in the markets we serve;â—changes in the availability or cost of raw materials and energy for our production facilities;â—restrictions in our ability to operate our business due to our outstanding indebtedness;â—government regulations and requirements;â—pricing and business development difficulties;â—changes in government spending on national defense;â—our ability to make acquisitions and successfully integrate those acquisitions with our business;â—our failure to maintain effective internal controls over financial reporting;â—general industry and market conditions and growth rates, 21Table of Contentsâ—those risks discussed in â€œItem 1A. Risk Factorsâ€ and elsewhere in our Annual Report on Form 10-K, as well as those described in any other filings which we make with the SEC.Any forward - looking statements speak only as of the date on which they are made, and we undertake no obligation to publicly update or revise any forward - looking statements to reflect events or circumstances that may arise after the date of this Quarterly Report on Form 10 - Q, except as required by applicable law. Investors should evaluate any statements made by us in light of these important factors.OverviewTechPrecision, through our wholly owned subsidiaries, is a manufacturer of large - scale metal fabricated and machined precision components and equipment. These components are used in a variety of markets, primarily defense and aerospace, and secondarily precision industrial. All our operations and customers are in the United States.We work with our customers to manufacture components in accordance with the customersâ€™ drawings and specifications. Our work complies with specific military specifications and standards as well as national and international codes and standards required by our customers. We believe that we have earned our reputation through outstanding technical expertise, attention to detail, and a total commitment to quality and excellence in customer service.The manufacturing operations of our Ranor subsidiary are situated on approximately 65 acres in North Central Massachusetts. Leveraging our 145,000 square foot facilities, Ranor provides a full range of custom solutions to transform material into precision finished welded components and precision finished machined components up to 100 tons: manufacturing engineering, materials management and traceability, high-precision heavy fabrication (in-house fabrication operations include cutting, press and roll forming, welding, heat treating, assembly, blasting and painting), heavy high-precision machining (in-house machining operations include CNC programming, finishing, and assembly), QC inspection including portable CMM, NonDestructive Testing, and final packaging.All manufacturing at Ranor is performed in accordance with customer requirements. Ranor is an ISO

9001:2015 certificate holder. Ranor is a US defense-centric company with over 95% of its revenue in the defense sector. Ranor is registered and compliant with ITAR.The manufacturing operations of our Stadco subsidiary are situated in an industrial self-contained multi-building complex comprised of approximately 183,000 square feet under roof in Los Angeles, California. Stadco manufactures large mission-critical components on several high-profile military aircraft, military helicopter, and military space programs. Stadco has been a critical supplier to a blue-chip customer base that includes some of the largest OEMs and prime contractors in the defense and aerospace industries. Stadco also manufactures tooling, molds, fixtures, jigs and dies used in the production of defense-centric aircraft components.Our Stadco subsidiary, similar to Ranor, provides a full range of custom solutions: manufacturing engineering, materials management and traceability, high-precision fabrication (in-house fabrication operations include waterjet cutting, press forming, welding, and assembly) and high-precision machining (in-house machining operations include CNC programming, finishing, and assembly), QC inspection including both fixed and portable CMM NonDestructive Testing, and final packaging. In addition, Stadco features a large electron beam welding cell, and two NonDestructive Testing work cells, a unique mission-critical technology set.All manufacturing at Stadco is performed in accordance with customer requirements. Stadco is an AS 9100 D and ISO 9001:2015 certificate holder and a NADCAP NonDestructive Testing certificate holder. Stadco is a US defense-centric company with almost all of its revenue in the defense sector. Stadco is registered and compliant with ITAR.22Table of ContentsCustom ManufacturingWe manufacture a variety of components in accordance with our internal core competencies and external customer needs and requirements. We also provide manufacturing engineering services to assist customers in optimizing their engineering designs for manufacturability. We do not design the components we manufacture; we custom manufacture according to customer â€œbuild-to-printâ€ requirements and specifications. Accordingly, we do not distribute the components that we manufacture on the open market, and we do not market any products. We do not own the intellectual property rights to any proprietary marketed product, and we do not manufacture in anticipation of orders. Our custom manufacturing operations do not commence on any project before we receive and accept a customerâ€™s purchase order. We only accept contracts that cover specific components within the capability of our resources.We primarily target repeating custom programs with relatively mature and stable designs in order to provide long-term solutions for our customers. The multi-unit work is repeat work or a single product with multiple quantity releases. Secondarily, our activities include a variety of both multi-unit and one-off requirements. The one-off work is typically either a prototype or a unique, one-of-a-kind component.Changes in regulations and market demand for our manufacturing expertise can be significant and sudden, and require us to adapt to the needs of the customers that we serve Understanding this dynamic, we focus on the defense industry in order to reliably pivot with our defense customers to jointly develop the capability to transform our workforce to manufacture components in accordance with our own and our external customersâ€™ changing requirements.We primarily serve customers in the defense and aerospace; secondarily in the nuclear, and precision industrial sectors. Within these sectors, we have manufactured custom components for US Navy submarines and aircraft carriers, USMC military helicopters, US defense and civilian aerospace programs, and components for nuclear power plants.Our contracts are generated both through negotiation with the customer and from bids made pursuant to a request for proposal. Our ability to receive contract awards is dependent upon the contracting partyâ€™s perception of such factors as our ability to perform on time, our history of performance, including quality, our financial condition, and our ability to price our services competitively.All the Companyâ€™s operations, assets, and customers are located in the U.S.Recent DevelopmentsTermination of Votaw AcquisitionOn November 22, 2023 we and the Seller, entered into the Purchase Agreement, pursuant to which, we would acquire all of the issued and outstanding common stock of Votaw Precision Technologies, Inc. (â€œVotawâ€) and after giving effect to such purchase, Votaw was to become our wholly owned subsidiary.Due to a change in certain conditions and events, it became probable that on March 31, 2024, the Company would be unable to close on the acquisition. On April 2, 2024, the Seller delivered to the Company written notice of its election to terminate the Purchase Agreement under Section 7.01(f) effective immediately. Pursuant to Section 7.01(f) of the Purchase Agreement, in the event that the Closing had not occurred by March 31, 2024, either we or the Seller had the right to terminate the Purchase Agreement, subject to the party terminating having complied with the other required closing conditions.Since the Seller validly terminated the Purchase Agreement pursuant to Section 7.01(f), the Company was required to pay to the Seller the Stock Termination Fee. Under the Purchase Agreement, the Stock Termination Fee can increase by 48,000 additional shares of the Companyâ€™s common stock under certain conditions, including if the Company fails to use commercially reasonable efforts to cause a registration statement to effect the resale of the shares of common stock composing the Stock Termination Fee to be declared effective by the Securities and Exchange Commission as soon as practicable. Such registration was filed with the Securities and Exchange Commission on May 2, 2024, but cannot be declared effective until we have filed all of the required financial statements with the Securities and Exchange Commission, including our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2024.On April 29, 2024, we issued 320,000 shares of our common stock as the Stock Termination Fee.23Table of ContentsAmendments to Amended and Restated Loan Agreement and to Second Amended and Restated Promissory NoteOn May 28, 2024, Ranor and the other Borrowers entered into an Eighth Amendment to Amended and Restated Loan Agreement and Fourth Amendment to Second Amended and Restated Promissory Note, or the â€œEighth Amendmentâ€, with Berkshire Bank. Effective May 24, 2024, the Eighth Amendment, among other things, (i) extends the maturity date of the Revolver Loan from May 24, 2024 to August 30, 2024; (ii) amends the maximum principal amount of the Revolver Loan from $5,000 to $4,500; and (iii) effective on June 1, 2024, increases the Term SOFR Margin (as defined in the Amendment) used to calculate the interest rate from 2.25% per annum to 2.50% per annum.On September 4, 2024, Ranor and the other Borrowers entered into a Ninth Amendment to Amended and Restated Loan Agreement and Fifth Amendment to Second Amended and Restated Promissory Note, or the â€œNinth Amendmentâ€, with Berkshire Bank. Effective August 30, 2024, the Ninth Amendment, among other things, (i) extends the maturity date of the Revolver Loan from August 30, 2024 to January 15, 2025.On December 19, 2024, Ranor and the other Borrowers entered into a Tenth Amendment to Amended and Restated Loan Agreement and Sixth Amendment to Second Amended and Restated Promissory Note, or the â€œTenth Amendmentâ€, with Berkshire Bank. The Tenth Amendment, among other things, extended the maturity date of the Revolver Loan from January 15, 2025 to April 30, 2025Read about the Berkshire Bank Loans under the â€œLiquidity and Capital Resourcesâ€ section below, for a discussion of the amended debt agreement and its impact on the Companyâ€™s liquidity and on-going operations.July Private PlacementOn July 3, 2024, the Company entered into a Securities Purchase Agreement with certain accredited investors, pursuant to which the Company sold 521,800 shares of the Companyâ€™s common stock, par value $0.0001 per share, and 521,800 common stock purchase warrants to purchase 521,800 shares of Common Stock in a private placement at an aggregate purchase price of $1,801.The combined purchase price for one share and one warrant was $3.45. The purpose of the private placement was to raise working capital for use by the Company. The closing of the offering occurred on July 8, 2024. Placement agentâ€™s fees in connection with the offering totaled $123. In addition, the Company issued to the placement agent common stock purchase warrants to purchase up to 19,983 shares of common stock Pursuant to the PIPE Agreement, we have agreed to have a registration statement registering for resale the PIPE Shares and the shares underlying the PIPE Warrants declared effective with 60 days of the PIPE Closing Date. If such registration statement is not declared effective in a timely manner, we will be subject to liquidated damages as described in the PIPE Agreement.Critical Accounting Policies and EstimatesThe preparation of the condensed consolidated financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We continually evaluate our estimates, including those related to revenue recognition and income taxes. These estimates and assumptions require managementâ€™s most difficult, subjective or complex judgments. Actual results may vary under different assumptions or conditions.We consider the principles and estimates applied for revenue recognition as one of our most critical accounting estimates. Our revenue can fluctuate from quarter-to-quarter as we measure revenue recognition over the duration of a project, or at the end of the project. The Company records most of its revenue over-time as it completes performance obligations or at a point-in-time, for example, at the delivery date, when control of the promised goods is transferred to the customer. Project volume for revenue recognized at a point-in-time is generally smaller, can fluctuate from period-to-period, and is difficult to forecast.We measure progress for performance obligations satisfied over time using input methods such as labor hours expended. As a result, we review inputs and outputs and can estimate the remaining amounts of inputs needed to complete the work and therefore report an accurate amount of revenue each reporting period. The amount of revenue period-to-period will fluctuate based on project volume.24Table of ContentsOur significant accounting policies are set forth in detail in Note 2 to the consolidated financial statements included in the 2024 Annual Report on Form 10-K. There were no significant changes to our critical accounting policies during the three months ended September 30, 2024.New Accounting StandardsSee NoteÂ 2, Basis of Presentation and Significant Accounting Policies, in the Notes to the Unaudited Condensed Consolidated Financial Statements under â€œItem 1. Financial Statementsâ€, for a discussion of recently adopted new accounting guidance.Results of OperationsOur results of operations are affected by a number of external factors including the availability of raw materials, commodity prices (particularly steel), macroeconomic factors, including the availability of capital that may be needed by our customers, and political, regulatory and legal conditions in the United States and in foreign markets. It generally takes approximately twelve months or less to complete our manufacturing projects. However, contracts for larger complex components can take up to thirty-six months in general to complete. Units manufactured under the majority of our customer contracts have historically been delivered on time and with a positive gross margin. Our results of operations are also affected by our success in booking new contracts, the timing of revenue recognition, delays in customer acceptances of our products, delays in deliveries of ordered products and our rate of progress fulfilling obligations under our contracts. Delays in any of these items could have an unfavorable impact on liquidity, cause us to have inventories in excess of our short-term needs, and delay our ability to recognize, or prevent us from recognizing, revenue on contracts in our order backlog.We evaluate the performance of our segments based upon, among other things, segment revenue, operating profit, and certain key performance indicators. Segment operating profit excludes general corporate costs, which include executive and director compensation, stock-based compensation, certain retirement benefit costs, and other corporate facilities and administrative expenses not allocated to the segments.Key Performance IndicatorsWhile we prepare our financial statements in accordance with U.S. generally accepted accounting principles, or â€œU.S. GAAPâ€, we also utilize and present certain financial measures that are not based on or included in U.S. GAAP. We refer to these as non-GAAP financial measures. Please see the section titled â€œEBITDA Non-GAAP financial measureâ€ below for further discussion of these financial measures, including the reasons why we use such financial measures and reconciliations of such financial measures to the most directly comparable U.S. GAAP financial measures.Percentages in the following tables and throughout this â€œResults of Operationsâ€ section may reflect rounding adjustments.25Table of ContentsThree Months Ended September 30, 2024 and 2023The following table presents revenue, cost of revenue and gross profit, consolidated and by reportable segment:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹September 30, 2024â€‹September 30, 2023â€‹Changesâ€‹â€‹â€‹â€‹â€‹Percent ofâ€‹â€‹â€‹Percent ofâ€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â AmountÂ Â Â Â RevenueÂ Â Â Â AmountÂ Â Â Â RevenueÂ Â Â Â AmountÂ Â Â Â PercentÂ Revenueâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Ranorâ€‹$ 4,790 â€‹ 54% $ 4,495 â€‹ 56% $ 295 â€‹ 7%Stadcoâ€‹â€‹ 4,223 â€‹ 47% â€‹ 3,606 â€‹ 45% â€‹ 617 â€‹ 17%Intersegment eliminationâ€‹ â€‹ (67) â€‹ (1)% â€‹ (131) â€‹ (1)% â€‹ 64 â€‹ 49%Consolidated Revenueâ€‹$ 8,946 â€‹ 100% $ 7,970 â€‹ 100% $ 976 â€‹ 12%Cost of revenueâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Ranorâ€‹$ 3,272 â€‹ 37% $ 3,451 â€‹ 43% $ (179) â€‹ (5)%Stadcoâ€‹ â€‹ 4,727 â€‹ 53% â€‹ 3,615 â€‹ 45% â€‹ 1,112 â€‹ 31%Intersegment eliminationâ€‹â€‹ (67) â€‹ (1)% â€‹ (131) â€‹ (1)% â€‹ 64 â€‹ 49%Consolidated Cost of revenueâ€‹$ 7,932 â€‹ 89% $ 6,935 â€‹ 87% $ 997 â€‹ 14%Gross profit (loss)â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Ranorâ€‹$ 1,518â€‹ 17% $ 1,044â€‹ 13% $ 474â€‹ 45%Stadcoâ€‹ â€‹ (504)â€‹ (6)% â€‹ (9)â€‹ â€”% â€‹ (495)â€‹nm%Consolidated Gross profitâ€‹$ 1,014â€‹ 11% $ 1,035â€‹ 13% $ (21)â€‹ (2)%nm â€“ not meaningfulâ€‹RevenueConsolidated â€“ Revenue was $8,946 for the three months ended September 30, 2024, or 12% higher when compared to revenue of $7,970 for the three months ended September 30, 2023. Revenue increased at Stadco and Ranor by $617 and $295, respectively. Ranor â€“ Revenue was $4,790 for the three months ended September 30, 2024, an increase of $295 or 7%, on a favorable project mix. Stadco â€“ Revenue was $4,223 for the three months ended September 30, 2024, an increase of $617, or 17%, driven by an favorable project mix when compared the same period prior year.Gross Profit and Gross MarginConsolidated â€“ Cost of revenue consists primarily of raw materials, parts, labor, overhead and subcontracting costs. Our cost of revenue for the three months ended September 30, 2024, was $7,932, or 14% higher when compared to the three months ended September 30, 2023. The increase in cost of revenue was primarily the result of higher production costs and under-absorbed overhead at Stadco. As a result, gross profit decreased by $21, or 2% when compared to the same period a year ago. Gross margin for the three months ended September 30, 2024 was 11% compared to 13% in the same period a year ago.Ranor â€“ Gross profit increased by $474, when compared to the same period a year ago. Cost of revenue was $179 lower, due to efficient production with higher absorbed overhead added to our work-in-progress when compared with the same period a year ago. Gross margin increased to 17% from 13% for the three months ended September 30, 2024 compared to the three months ended September 30, 2023.Stadco â€“ Gross profit was negative $504 for the three months ended September 30, 2024, as our losses increased by $495 when compared to the same period a year ago. Production issues remain as factory overhead was under absorbed, and repairs and maintenance and certain project losses increased year-over-year. Gross margin decreased to (6)% for the three months ended September 30, 2024 compared to 0% for the three months ended September 30, 2023. The Stadco projects executed had overall relatively higher contract values as compared with the same period a year ago. However, higher relative contracts prices do not necessarily have higher gross profit or gross margin.26Table of ContentsSelling, General and Administrative (SG&A) Expensesâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â September 30, 2024Â Â Â Â September 30, 2023â€‹ChangesÂ Â Â Â â€‹â€‹â€‹â€‹â€‹PercentÂ ofâ€‹â€‹â€‹â€‹PercentÂ ofâ€‹â€‹â€‹â€‹â€‹Â â€‹Â Â Â Â AmountÂ Â Â Â RevenueÂ Â Â Â AmountÂ Â Â Â RevenueÂ Â Â Â AmountÂ Â Â Â Percen 377â€‹ 4% $ 371â€‹ 5% $ 6â€‹ 2%Stadcoâ€‹Â 321â€‹ 4% â€‹ 314â€‹ 4% â€‹ 7â€‹ 2%Corporate and unallocatedâ€‹Â 804â€‹ 9% â€‹ 947â€‹ 12% â€‹ (143)â€‹ (15)%Consolidated SG&Aâ€‹$ 1,502â€‹ 17% $ 1,632â€‹ 21% $ (130)â€‹ (8)%â€‹Consolidated â€“ Total selling, general and administrative expenses decreased by $130, or 8%, primarily due to a decrease in spending for outside advisory services in connection with due diligence for the terminated Votaw acquisition a year ago.Ranor â€“ SG&A expense increased by $6 as an increase in compensation slightly offset a decrease in office costs when compared with the same period a year ago.Stadco â€“ SG&A expense increased by $7 due primarily to a slight increase in compensation when compared with the same period a year ago.Corporate and unallocated â€“ SG&A decreased by approximately $143, primarily on a reduction for outside advisory services in connection with due diligence for the terminated Votaw acquisition which was evident in the same period of the prior year.Operating (loss) incomeâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â September 30, 2024â€‹September 30, 2023â€‹ChangesÂ Â Â Â Â â€‹â€‹â€‹â€‹â€‹PercentÂ ofâ€‹â€‹â€‹â€‹PercentÂ ofâ€‹â€‹â€‹â€‹â€‹Â â€‹Â Â Â Â AmountÂ Â Â Â RevenueÂ Â Â Â AmountÂ Â Â Â RevenueÂ Â Â Â AmountÂ Â Â Â Perc 1,141â€‹ 13% $ 673â€‹ 8% $ 468â€‹ 70%Stadcoâ€‹Â (825)â€‹ (9)% â€‹ (323) â€‹ (4)% â€‹ (502)â€‹ (156)%Corporate and unallocatedâ€‹Â (804)â€‹ (9)% â€‹ (947) â€‹ (12)% â€‹ 143â€‹ 15%Operating lossâ€‹$ (488)â€‹ (5)% $ (597) â€‹ (8)% $ 109â€‹ 18%â€‹Consolidated â€“ For the three months ended September 30, 2024, we reported an operating loss of $488, or $109 lower than the operating loss for the three months ended September 30, 2023. The change was primarily due to operating income at Ranor and lower corporate expenses which offset an operating loss at Stadco.Ranor â€“ Operating income increased by 70% due to a favorable three month period of operating execution and throughput.Stadco â€“ Operating loss increased by $502 as certain projects with production issues disrupted throughput for the three month period.Corporate and unallocated â€“ Operating loss decreased by $109, primarily on a reduction for outside advisory services in connection with due diligence for the terminated Votaw acquisition which was evident in the same period of the prior year.Other Income (Expense), netThe following table presents other income (expense) for the three months ended:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â September 30, 2024Â Â Â Â September 30, 2023Â Â Â Â $ ChangeÂ Â Â Â %Â ChangeÂ Other income â€‹$ â€”â€‹$ 41â€‹$ (41)â€‹ (100)%Interest expenseâ€‹$ (92)â€‹$ (130)â€‹$ 38â€‹ 28%Amortization of debt issue costsâ€‹$ (21)â€‹$ (19)â€‹$ (2)â€‹ (11)%â€‹Interest expense decreased by $38 when compared with the three months ended September 30, 2023, due primarily to a decrease in borrowings under the revolver loan. We also paid lower amounts of interest in connection with the term loans.27Table of ContentsAmortization of debt issue costs for the three months ended September 30, 2024, was slightly higher when compared to three months ended September 30, 2023, according to the term loan periods.Other income, net for the three months ended September 30, 2023 includes a gain from the disposal of fixed assets.Income Tax expense (benefit)Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be recovered or settled. We believe that it is more likely than not that the benefit from certain state NOL carryforwards and other deferred tax

assets will not be realized. The assessment was based on the weight of negative evidence at the balance sheet date, our recent operating losses and unsettled circumstances that, if unfavorably resolved, would adversely affect future operations and profit levels. In recognition of this risk, we continue to provide a valuation allowance on these items.For the three months ended September 30, 2024, there has been no change in our judgment about the realizability of deferred tax assets in future years, and, therefore, no expense or benefit provided for income taxes. For the three months ended September 30, 2023, the Company recorded a tax benefit of $177.Net LossAs a result of the foregoing, for the three months ended September 30, 2024, we recorded a net loss of $601, or $0.06 per share basic and fully diluted, compared with a net loss of $528, or $0.06 per share basic and fully diluted for the three months ended September 30, 2023.Six Months Ended September 30, 2024 and 2023The following table presents revenue, cost of revenue and gross profit, consolidated and by reportable segment:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â SeptemberÂ 30,Â 2024Â Â Â Â SeptemberÂ 30,Â 2023Â Â Â Â ChangesÂ â€‹â€‹PercentÂ ofâ€‹PercentÂ ofâ€‹â€‹â€‹â€‹
9,172Â 54%Â Â $ 8,995Â 59%Â Â $ 177Â 2%Stadcoâ€‹Â 7,827Â 46%Â Â Â 6,573Â 43%Â Â Â 1,254Â 19%Intersegment eliminationâ€‹Â (67)Â â€”%Â Â Â (227)Â (2)%Â Â Â 160Â 70%Consolidated Revenueâ€‹$ 16,932Â 100%Â Â $ 15,341Â 100%Â Â $ 1,591Â 10%Cost of revenueâ€‹Â â€‹Â â€‹â€‹Â â€‹Â â€‹â€‹Â â€‹Â â€‹â€‹Ranorâ€‹$ 6,417Â 38%Â Â $ 6,670Â 44%Â Â $ (253)Â (4)%Stadcoâ€‹Â 9,329Â 55%Â Â Â 7,169Â 47%Â Â Â 2,160Â 30%Intersegment eliminationâ€‹Â (67)Â â€”%Â Â Â (227)Â (2)%Â Â Â 160Â 70%Consolidated Cost of revenueâ€‹$ 15,679Â 93%Â Â $ 13,612Â 89%Â Â $ 2,067Â 15%Gross profit (loss)â€‹Â â€‹Â â€‹â€‹Â â€‹Â â€‹â€‹Â â€‹Â â€‹â€‹Ranorâ€‹$ 2,755Â 16%Â Â $ 2,325Â 15%Â Â $ 430Â 18%Stadcoâ€‹Â (1,502)Â (9)%Â Â Â (596)Â (4)%Â Â Â (906)Â (152)%Consolidated Gross profitâ€‹$ 1,253Â 7%Â Â $ 1,729Â 11%Â Â $ (476)Â (28)%â€‹28Table of ContentsRevenueConsolidated â€" Revenue was $16,932 for the six months ended September 30, 2024, or 10% higher when compared to revenue of $15,341 for the six months ended September 30, 2023. Revenue increased by $1,254 at Stadco and by $177 at Ranor. As explained below, we realized less direct labor hours at Stadco and Ranor on projects executed during the first six months of fiscal 2025 as compared with the same period a year ago, however, projects executed had overall relatively higher contract values. As described in the gross profit and gross margin section, higher relative contracts prices do not necessarily have higher gross profit or gross margin. Consolidated backlog was $48,641 as of September 30, 2024. Our project order flow from prime defense contactors remains strong.Ranor â€" Revenue was $9,172 for the six months ended September 30, 2024, an increase of $177 or 2% higher when compared to the same period a year ago. We realized fewer direct labor hours during the first six months period of fiscal 2025, however, projects executed had overall relatively higher contract values when compared with the same period a year ago.The backlog at Ranor remains strong as new orders continue to flow to us from our existing customer base of prime defense contractors. The backlog at Ranor on September 30, 2024 and 2023 was $21,714 and $19,125, respectively.Stadco â€" Revenue was $7,827 for the six months ended September 30, 2024, compared with revenue of $6,573 for the six months ended September 30, 2023, an increase of $1,254, or 19%. Our project mix was favorable for the six month period, as projects executed on had overall relatively higher contract values during the first six months of fiscal 2025 as compared with the same period a year ago.The backlog remains strong as new orders for components related to a variety of programs, including the U.S. Marine Corps heavy lift helicopter programs, continue to flow to us from our existing customer base of prime defense contractors. Stadcoâ€™s backlog was $26,927 and $25,543 as of September 30, 2024 and 2023, respectively.Gross Profit and Gross MarginConsolidated â€" Cost of revenue consists primarily of raw materials, parts, labor, overhead and subcontracting costs. Our cost of revenue for the six months ended September 30, 2024, was $15,679, or 15% higher when compared to the six months ended September 30, 2023. The increase in cost of revenue was primarily the result of higher production costs and under - absorbed overhead at Stadco. As a result, gross profit decreased by $476, or 28% when compared to the same period a year ago. Gross margin for the six months ended September 30, 2024 was 7% compared to 11% in the same period a year ago.Ranor â€" Gross profit increased by $430, when compared to the same period a year ago. Cost of revenue decreased by $252, as an increase in material costs was more than offset by higher absorbed overhead added to our work - in - progress when compared with the same six - month period in the prior - year. Gross margin increased to 16% from 15% for the six months ended September 30, 2024 compared to the six months ended September 30, 2023.Stadco â€" Gross profit was negative $1,502 for the six months ended September 30, 2024, as our losses increased when compared to the same period a year ago. Direct labor hours charged to projects were lower compared with the same prior year period a year ago. Factory overhead was under absorbed, and other production costs, repairs and maintenance and certain project losses increased year - over - year. Gross margin decreased to (9)% from (4)% for the six months ended September 30, 2024 compared to the six months ended September 30, 2023.Selling, General and Administrative (SG&A) Expensesâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â SeptemberÂ 30,Â 2024Â Â Â Â SeptemberÂ 30,Â 2023Â Â Â Â ChangesÂ â€‹Â Â Â Â â€‹â€‹Â Â Â Â PercentÂ ofÂ Â Â Â â
701Â 4%Â Â $ 778Â 5%Â Â $ (77)Â (10)%Stadcoâ€‹Â 657Â 4%Â Â Â 631Â 4%Â Â Â 26Â 4%Corporate and unallocatedâ€‹Â 1,724Â 10%Â Â Â 1,497Â 10%Â Â Â 227Â 15%Consolidated SG&Aâ€‹$ 3,082Â 18%Â Â $ 2,906Â 19%Â Â $ 176Â 6%â€‹29Table of ContentsConsolidated â€" Total selling, general and administrative expenses increased by $176, or 6%, primarily due to a $419 change in fair value to the accrual for the breakup fee in connection with the terminated Votaw acquisition, which more than offset a decrease in compensation and other outside advisory costs.â€‹Ranor â€" SG&A expense decreased by $77 because of reduced compensation due to staff reductions and lower spending on travel.Stadco â€" SG&A expense increased by $26. The SG&A expenses for outside advisory fees increased by $55 which offset a decrease in compensation and payroll taxes due to staff reductions.Corporate and unallocated â€" SG&A increased by approximately $226, as a change in fair value to the accrual for the breakup fee in connection with the terminated Votaw acquisition offset reductions in compensation and outside advisory services.Operating (loss) incomeâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹SeptemberÂ 30,Â 2024â€‹SeptemberÂ 30,Â 2023â€‹ChangesÂ â€‹â€‹â€‹â€‹â€‹PercentÂ ofâ€‹â€‹â€‹â€‹PercentÂ ofâ€‹â€‹â€‹â€
2,053Â 12%Â Â $ 1,547Â 10%Â Â $ 506Â 33%Stadcoâ€‹Â (2,159)Â (13)%Â Â Â (1,227)Â (8)%Â Â Â (932)Â (76)%Corporate and unallocatedâ€‹Â (1,723)Â 10%Â Â Â (1,497)Â (10)%Â Â Â (226)Â (19)%Operating lossâ€‹$ (1,829)Â (11)%Â Â $ (1,177)Â (8)%Â Â $ (652)Â (55)%â€‹Consolidated â€" For the six months ended September 30, 2024, we reported an operating loss of $1,829, or 55% higher than the operating loss for the six months ended September 30, 2023. The change was primarily due to operating losses at Stadco and the change in fair value to the breakup fee in connection with the terminated Votaw acquisition.Ranor â€" Operating income was higher by 33% when compared to the same period a year ago, due primarily to a favorable six-month period of execution and efficient throughput.Stadco â€" Operating loss increased by $932 as certain projects with production issues disrupted throughput for the six months ended September 30, 2024.Corporate and unallocated â€" Operating loss increased by $226, due primarily for a change in the fair value for the breakup fee in connection with the terminated Votaw acquisition.Other Income (Expense), netThe following table presents other income (expense) for the six months ended:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â SeptemberÂ 30,Â 2024Â Â Â Â SeptemberÂ 30,Â 2023Â Â Â Â $ChangeÂ Â Â Â %Â ChangeÂ Other incomeâ€‹$ 13â€‹$ 41â€‹$ (28)Â (68)%Interest expenseâ€‹$ (207)â€‹$ (205)â€‹$ (2)Â (1)%Amortization of debt issue costsâ€‹$ (38)â€‹$ (37)â€‹$ (1)Â (3)%â€‹Interest expense increased by $2 when compared with the six months ended September 30, 2023, due primarily to a slightly increase in interest expense for borrowings under the revolver loan.Amortization of debt issue costs for the six months ended September 30, 2024, was slightly higher when compared to three months ended September 30, 2023.Other income, net, in the table above, for the six months ended September 30, 2024, includes a vendor rebate for $11. Other income, net for the three months ended September 30, 2023 includes a gain from the disposal of fixed assets.30Table of ContentsIncome Tax expense (benefit)Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be recovered or settled. We believe that it is more likely than not that the benefit from certain state NOL carryforwards and other deferred tax assets will not be realized. The assessment was based on the weight of negative evidence at the balance sheet date, our recent operating losses and unsettled circumstances that, if unfavorably resolved, would adversely affect future operations and profit levels. In recognition of this risk, we continue to provide a valuation allowance on these items.For the six months ended September 30, 2024, there has been no change in our judgment about the realizability of deferred tax assets in future years, and, therefore, no expense or benefit provided for income taxes. For the six months ended September 30, 2023, the Company recorded a tax benefit $323. Net LossAs a result of the foregoing, for the six months ended September 30, 2024, we recorded a net loss of $2,061, or $0.22 per share basic and fully diluted, compared with a net loss of $1,056, or $0.12 per share basic and fully diluted for the six months ended September 30, 2023.Liquidity, Capital Resources and Going ConcernOur liquidity is highly dependent on the availability of financing facilities and our ability to generate positive operating cash flow.As of September 30, 2024, we had approximately $1,275 in total available liquidity, consisting primarily of approximately $1,143 in undrawn capacity under our Revolver Loan and $132 of available cash. As of March 31, 2024, we had $677 in total available liquidity, consisting of $138 in cash and cash equivalents, and approximately $539 in undrawn capacity under our Revolver Loan. There was $2,600 and $2,800 outstanding under the Revolver Loan at September 30, 2024 and March 31, 2024, respectively. The Company pays interest at an adjusted SOFR-based rate. Interest-only payments on advances made under the Revolver Loan will continue to be payable monthly in arrears. Interest paid and accrued on advances made under the Revolver Loan during the six months ended September 30, 2024, and 2023 totaled $90 and $84, respectively. The weighted average interest rate at September 30, 2024 and March 31, 2024 was 7.81% and 7.60%, respectively. The weighted average amount outstanding during the period ending September 30, 2024 was $2,286. Unused borrowing capacity as of September 30, 2024 and March 31, 2024 was approximately $1,143 and $539, respectively.At September 30, 2024 and March 31, 2024 our working capital was negative in part because of the reclassification of our long-term debt from noncurrent to current in the condensed consolidated balance sheet. The table below presents selected liquidity and capital measures as of:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â September 30,Â Â Â Â MarchÂ 31,Â Â Â Â Change(dollars in thousands)â€‹2024â€‹2024â€‹AmountCash and cash equivalentsâ€‹$ 132â€‹$ 138â€‹$ (6)Revolver loan â€" available borrowing capacityâ€‹$ 1,143â€‹$ 539â€‹$ 604Working capitalâ€‹$ (1,527)â€‹$ (2,904)â€‹$ 1,377Total debtâ€‹$ 7,154â€‹$ 7,648â€‹$ (494)Total stockholdersâ€™ equityâ€‹$ 8,884â€‹$ 7,803â€‹$ 1,081â€‹31Table of ContentsThe next table summarizes changes in cash by primary component in the cash flows statements for the six months ended:â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Â Â Â Â September 30,Â Â Â Â September 30,Â Â Â Â Change(dollars in thousands)â€‹2024â€‹2023â€‹AmountOperating activitiesâ€‹$ (425)â€‹$ 1,258â€‹$ (1,683)Investing activitiesâ€‹Â (622)â€‹ â€‹ (2,597)â€‹ â€‹ 1,975Financing activitiesâ€‹Â 1,041â€‹ â€‹ 943â€‹ â€‹ 98Net decrease in cashâ€‹$ (6)â€‹$ (396)â€‹$ 390â€‹Operating activitiesApart from our loan facilities, our primary sources of cash are from customer revenue, customer contract advances, and associated accounts receivable collections. Many of our customers make advance payments and progress payments under the terms of each manufacturing contract. The composition of our accounts receivable collections mix changes between advance payments and customer payments made after shipment of finished goods. Our cash flows can fluctuate from period to period as we mark progress with customer project milestones and the timing of progress payments. Cash used in operating activities for the six months ended September 30, 2024, was $425. Our net loss adjusted by our non-cash adjustments provided $28 of cash during the six months ended September 30, 2024, as compared to cash used of $288 to the same period a year ago. Working capital changes to our balance sheet used $453 of cash during the six months ended September 30, 2024, as compared to $1,546 used in the same period a year ago.Investing activitiesFor the six months ended September 30, 2024, we invested $1,622 in new factory machinery and equipment and were reimbursed for $1,000 of certain purchases under a supplier development fund.We are subject to certain financial debt covenants and may not spend more than $1,500 for new machinery and equipment during any single fiscal year, excluding supplier development funding, tested on an annual basis at the end of each fiscal year. We estimate that our spending on new machinery and equipment in fiscal 2025 will not exceed the spending limitation. For the six months ended September 30, 2023, we invested $2,659 in new factory machinery and equipment.Financing activitiesWe drew down $6,746 of proceeds under our Revolver Loan during the six months ended September 30, 2024, and repaid $6,931 during the same period. We also used $314 of cash to pay down debt principal and make periodic lease payments.On July 3, 2024, the Company sold 521,800 shares of the Companyâ€™s common stock, par value $0.0001 per share, and 521,800 common stock purchase warrants to purchase 521,800 shares of Common Stock in a private placement at an aggregate purchase price of $1,801. Placement agentâ€™s fees in connection with the offering totaled $213. For the six months ended September 30, 2023 we drew down $6,710 of proceeds under the Revolver Loan and repaid $5,460 during the same period. We also used approximately $307 of cash to pay down debt principal and make periodic lease payments.All of the above activity resulted in a net decrease in cash of $6 for the six months ended September 30, 2024 compared with a net decrease in cash of $396 for the six months ended September 30, 2023.Berkshire Bank LoansOn August 25, 2021, the Company entered into an amended and restated loan agreement with Berkshire Bank (as amended to date, the â€œLoan Agreementâ€). Under the Loan Agreement, Berkshire Bank will continue to provide the Ranor Term Loan (as defined below) and the revolving line of credit, or the â€œRevolver Loanâ€. In addition, Berkshire Bank provided the Stadco Term Loan (as defined below) in the original amount of $4,000. The proceeds of the original Ranor Term Loan of $2,850 were previously used to refinance existing mortgage debt of Ranor. The proceeds of the Revolver Loan are used for working capital and general corporate purposes of the Company. 32Table of ContentsPayments for the original Ranor Term Loan began on January 20, 2017, and until the facility was amended in December 2022, the Company paid monthly installments of $19 each, inclusive of interest at a fixed rate of 5.21% per annum.In addition, Berkshire Bank provided to Stadco a term loan in the original amount of $4,000, or the â€œStadco Term Loanâ€. On August 25, 2021, Stadco borrowed $4,000 from Berkshire Bank under the Stadco Term Loan. The proceeds of the Stadco Term Loan were used to support the acquisition of Stadco and refinance existing indebtedness of Stadco. Interest on the Stadco Term Loan is due on unpaid balances beginning on August 25, 2021, at a fixed rate per annum equal to the 7-year Federal Home Loan Bank of Boston Classic Advance Rate plus 2.25%. Since September 25, 2021, and on the 25th day of each month thereafter, Stadco has made and will continue to make monthly payments of principal and interest in the amount of $54 each, with all outstanding principal and accrued interest due and payable on August 25, 2028.On June 12, 2023, the Company and Berkshire Bank executed a waiver under which Berkshire Bank waived the Companyâ€™s noncompliance with the capital expenditure limit on March 31, 2023. The waiver document also contains an agreement by the parties to exclude from the calculation of capital expenditures for purposes of the Loan Agreement during the year ending March 31, 2024, any such expenditures made by the Company to the extent they are made using funds provided by customers of the Company for the purpose of making such capital expenditures.On December 20, 2023, Ranor and certain affiliates of the Company entered into a Sixth Amendment to Amended and Restated Loan Agreement and Second Amendment to Second Amended and Restated Promissory Note, or the â€œSixth Amendmentâ€. The Sixth Amendment, among other things (i) extended the maturity date of the Revolver Loan from December 20, 2023 to March 20, 2024; (ii) limited the use of proceeds from the Revolver Loan by the Company or its affiliates to $1,000 in the aggregate for due diligence and related professional costs incurred on or prior to March 20, 2024 in connection with any acquisitions; and (iii) makes certain changes to the amount and methods of valuation of equipment securing repayment of the borrowed funds.On March 20, 2024, Ranor and certain affiliates of the Company entered into a Seventh Amendment to Amended and Restated Loan Agreement and Third Amendment to Second Amended and Restated Promissory Note, or the â€œSeventh Amendmentâ€. Effective March 20, 2024, the Seventh Amendment, among other things (i) extended the maturity date of the Revolver Loan from March 20, 2024 to May 20, 2024, and (ii) limited the use of proceeds from the Revolver Loan by the Company or its affiliates to $2,000 in the aggregate for due diligence and related professional costs incurred on or prior to May 10, 2024 in connection with any acquisitions.On May 28, 2024, Ranor and the other Borrowers entered into an Eighth Amendment to Amended and Restated Loan Agreement and Fourth Amendment to Second Amended and Restated Promissory Note with Berkshire Bank. Effective May 24, 2024, the Eighth Amendment, among other things, (i) extended the maturity date of the Revolver Loan from May 24, 2024 to August 30, 2024; (ii) amended the maximum principal amount of the Revolver Loan from $5,000 to $4,500; and (iii) effective on June 1, 2024, increases the Term SOFR Margin (as defined in the Amendment) used to calculate the interest rate from 2.25% per annum to 2.50% per annum. On September 4, 2024, Ranor and the other Borrowers entered into a Ninth Amendment to Amended and Restated Loan Agreement and Fifth Amendment to Second Amended and Restated Promissory Note, or the â€œNinth Amendmentâ€, with Berkshire Bank. Effective August 30, 2024, the Ninth Amendment, among other things, extended the maturity date of the Revolver Loan from August 30, 2024 to January 15, 2025.On December 19, 2024, Ranor and the other Borrowers entered into a Tenth Amendment to Amended and Restated Loan Agreement and Sixth Amendment to Second Amended and Restated Promissory Note, or the â€œTenth Amendmentâ€, with Berkshire Bank. the Tenth Amendment, among other things, extended the maturity date of the Revolver Loan from January 15, 2025 to April 30, 2025.As a result of Borrowersâ€™ failure to satisfy the required minimum Debt Service Coverage Ratio for the twelve (12) month period ending March 31, 2024 and September 30, 2024, as set forth in the Loan Agreement, or the â€œExisting Defaultâ€, the borrowers acknowledge that a certain Event of Default has occurred and is continuing under the Loan Agreement. The borrowers further acknowledge that the sixth amendment to the Agreement constitutes written notice pursuant to the Loan Documents of such Existing Default. Regardless of entering into this Agreement or any

discussions between Borrowers and Lender, the Lender expressly reserves any and all rights and remedies available to it under the Loan Documents, the Collateral Documents, and under applicable law, including, without limitation, its right to choose to accelerate and demand the outstanding indebtedness evidenced by the Loan Documents and seek immediate repayment in full, and institute the default rate of interest as of the date of the occurrence of the default or at any time thereafter, as a result of any default or event of default, including, without limitation, the Existing Default, that have arisen or may arise. No such discussions or the entering into of this Agreement shall imply any course of conduct or any agreement on the part of Lender to waive any of its rights and 33Table of Contentsremedies or to forbear from taking any action authorized by the Loan Documents, the Collateral Documents, or by applicable law while discussions continue.On March 31, 2023, the Company was in violation of the Loan Agreement as it exceeded the capital expenditure limit of $1,500 as defined in the agreement. On June 12, 2023, the Company and Berkshire Bank executed a waiver under which Berkshire Bank waived the Companyâ€™s noncompliance with the capital expenditure limit on March 31, 2023. The waiver document also contains an agreement by the parties to exclude from the calculation of capital expenditures for purposes of the Loan Agreement during the year ending March 31, 2024, any such expenditures made by the Company to the extent they are made using funds provided by customers of the Company for the purpose of making such capital expenditures. There was $7,154 and $7,648 outstanding under the Loan Agreement on September 30, 2024 and March 31, 2024, respectively. Without a waiver, the lender has the right, but not the obligation, to demand repayment from the Company for noncompliance with the debt covenants. In addition, the bank retains the right to act on covenant violations that occur after the date of delivery of any waiver. The lender has not granted us a waiver. As such, we need to seek alternative financing to pay these obligations as the Company does not have existing facilities or sufficient cash on hand to satisfy these obligations. It is also probable that the Company will not be in compliance with the same debt covenants at subsequent measurement dates within the next twelve months. As a result of the above, all of our long-term debt has been classified as current in our condensed consolidated balance sheet.The Company is exploring various means of strengthening its liquidity position and ensuring compliance with its debt financing covenants by making Stadco operations profitable, renewing our revolver loan, or entering into alternative debt facilities.On July 3, 2024, the Company entered into the PIPE Agreement with certain accredited investors, pursuant to which the Company sold in a private placement at an aggregate purchase price of approximately $1,801, the PIPE Shares and Warrants. The combined purchase price for one PIPE Share and one PIPE Warrant was $3.45. The purpose of the sale of the PIPE Shares and Warrants under the PIPE Agreement is to raise working capital for use by the Company. The closing of the offering occurred on July 8, 2024.In order for us to continue operations beyond the next twelve months from the date of issuance of the financial statements and to be able to discharge our liabilities and commitments in the normal course of business, we must renew our revolver loan or seek alternative financing by April 30, 2025. We must mitigate our recurring operating losses at our Stadco subsidiary, efficiently increase utilization of our manufacturing capacity at Stadco and improve the manufacturing process. We plan to closely monitor our expenses and, if required, will reduce operating costs to enhance liquidity.The uncertainty associated with the recurring operating losses at Stadco, the revolver loan renewal, the need for alternative financing, and compliance with debt covenants at subsequent measurement dates raise substantial doubt about our ability to continue as a going concern for at least one-year after the date the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q are issued.Collateral securing all the above obligations comprises all personal and real property of the Company, including cash, accounts receivable, inventories, equipment, and financial assets.Commitments and Contractual ObligationsThe following contractual obligations associated with our normal business activities are expected to result in cash payments in future periods, and include the following material items as of September 30, 2024:â—Our debt obligations, including fixed and variable-rate debt, totaled $7,154, and, because of current debt covenant violations, are classified as current in the consolidated balance sheets.â—We enter into various commitments with suppliers for the purchase of raw materials and work supplies. Our outstanding unconditional contractual commitments, including for the purchase of raw materials and supplies goods, totaled approximately $5,911, all of it due to be paid within the next twelve months. These purchase commitments are in the normal course of business.â—Our operating lease obligations, including imputed interest, totaled $4,765 for buildings through 2030, with approximately $900 due annually for each of the next five years and $600 in year six.There are no off-balance sheet arrangements as of September 30, 2024.34Table of ContentsEBITDA Non-GAAP Financial MeasureTo complement our condensed consolidated statements of operations and condensed consolidated statements of cash flows, we use EBITDA, a non-GAAP financial measure. Net loss is the financial measure calculated and presented in accordance with U.S. GAAP that is most directly comparable to EBITDA. We believe EBITDA provides our board of directors, management, and investors with a helpful measure for comparing our operating performance with the performance of other companies that have different financing and capital structures or tax rates. We also believe that EBITDA is a measure frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry, and is a measure contained in our debt covenants. However, while we consider EBITDA to be an important measure of operating performance, EBITDA and other non-GAAP financial measures have limitations, and investors should not consider them in isolation or as a substitute for analysis of our results as reported under U.S. GAAP.We define EBITDA as net loss plus interest, income taxes, depreciation, and amortization. Net loss was $601 and $528 for the three months ended September 30, 2024 and 2023, and $2,061 and $1,056 for the six months ended September 30, 2024 and 2023. EBITDA, a non-GAAP financial measure, was negative for the six months ended September 30, 2024 and 2023. The following table provides a reconciliation of EBITDA to net income (loss), the most directly comparable U.S. GAAP measure reported in our condensed consolidated financial statements for the three and six months ended:â€‹Three Months ended September 30,â€‹Six Months ended September 30,(dollars in thousands)Â Â Â Â 2024Â Â Â Â 2023Â Â Â Â ChangeÂ Â Â Â 2024Â Â Â Â 2023Â Â Â Â ChangeNet lossâ€‹$ (601)â€‹$ (528)â€‹$ (73)â€‹$ (2,061)â€‹$ (1,056)â€‹$ (1,005)Income tax (benefit) expenseâ€‹ â€‹ â€”â€‹ â€‹ (177)â€‹ â€‹ 177â€‹â€‹ â€”â€‹ â€‹ (323)â€‹ â€‹ 323Interest expense (1)â€‹ â€‹ 113â€‹ â€‹ 149â€‹ â€‹ (35)â€‹â€‹ 245â€‹ â€‹ 243â€‹ â€‹ 2Depreciation and amortizationâ€‹ â€‹ 697â€‹ â€‹ 568â€‹ â€‹ 128â€‹â€‹ 1,391â€‹ â€‹ 1,128â€‹ â€‹ 263EBITDAâ€‹$ 209â€‹$ 12â€‹$ 197â€‹$ (425)â€‹$ (8)â€‹$ (417)(1)Includes amortization of debt issue costs.â€‹ItemÂ 3.Â Â Â Â Quantitative and Qualitative Disclosure About Market Risk.As a smaller reporting company, we have elected not to provide the information required by this Item.ItemÂ 4.Â Â Â Â Controls and Procedures.Evaluation of Disclosure Controls and Procedures.Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are controls and procedures that are designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified in the SECâ€™s rules and forms, and includes controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.As of the end of the period covered by this report, an evaluation was carried out, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2024, our disclosure controls and procedures were not effective due to the material weaknesses in our internal control over financial reporting described below.Managementâ€™s Responsibility for Internal ControlsThe Companyâ€™s internal control over financial reporting is designed under the supervision of our Chief Executive Officer and Chief Financial Officer, and effected by our board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The Companyâ€™s internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Companyâ€™s assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation 35Table of Contentsof financial statements in accordance with U.S. GAAP, and that the Companyâ€™s receipts and expenditures are being made only in accordance with authorizations of the Companyâ€™s management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Companyâ€™s assets that could have a material effect on the financial statements.Inherent Limitations Over Internal ControlsManagement, including the Chief Executive Officer and Chief Financial Officer, does not expect that the Companyâ€™s internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods is subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.Material WeaknessesWe identified three material weaknesses in our internal control over financial reporting as of March 31, 2024, which continues to exist at September 30, 2024. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. In connection with the preparation of our financial statements for the Annual Report on Form 10-K, management identified the following material weaknesses:(1) Purchase accounting â€“ we did not maintain proper controls, processes and procedures over the initial purchase accounting and the fair value accounting associated with our acquisition of Stadco in the fiscal year ended March 31, 2022 that were adequately designed, documented, and executed to support the accurate and timely reporting of our financial results regarding the initial purchase accounting and the fair value accounting associated with the Stadco acquisition;(2) Tax accounting â€“ during fiscal 2023 and fiscal 2024 we did not 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. These conditions led to certain omissions in the assessment of the valuation allowance during the third and fourth quarter of fiscal 2024. Because of this material weakness in fiscal 2023, we made a late or post-closing adjustment to our valuation allowance while preparing the consolidated financial statements and footnotes included in our Annual Report on Form 10-K for the period ended March 31, 2024;(3) Stadco accounting â€“ we did not maintain a sufficient complement of 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 are accurately captured and recorded prior to closing the books. The demand on our accounting resources is significant due to the manual nature of controls necessary to maintain effective control over Stadcoâ€™s legacy system. As a result of this material weakness, we made several post-closing adjustments for percentage-of-completion (POC) revenue projects. The adjustment corrected inputs for project revenue and costs in progress at Stadco, as the initial and correcting journal entries were not reconciled and posted in a timely manner during the year end reporting cycle. Because of the foregoing reasons, extra time was required to complete certain items with respect to the financial statement preparation, closing and review process for the year ended March 31, 2024.Notwithstanding the material weaknesses, management believes the consolidated financial statements included in this Quarterly Report on Form 10-Q present fairly, in all material respects, the Companyâ€™s financial condition, results of operations and cash flows as of and for the periods presented in accordance with U.S. GAAP.Remediation of the Material WeaknessesFor the fiscal year ended March 31, 2024, we reviewed our entity level controls, staffing requirements and the cost/benefit for remediating our material weaknesses.36Table of ContentsIn fiscal 2024, our management, with the oversight of our audit committee, executed a plan to take measures to begin remediating the underlying causes of the material weaknesses through the development and implementation of a thorough review of our procedures, policies, processes, and review controls to gain additional assurance regarding the remediation our tax accounting, acquisition accounting procedures, and accounting closing cycle time at Stadco: (1) Purchase accounting - The Company enhanced its working framework with a memorandum that depicts a clear, explicit roadmap for the purchase accounting guidance at every step. We will follow that roadmap and will implement new controls in fiscal 2025. We engaged a third-party specialist in July 2023 with the requisite knowledge to perform all required valuations and accounting for business combinations. That specialist worked with the Company on all the pre-acquisition activities, or due diligence, in connection with the Votaw acquisition. The third-party specialist was hired primarily to assure that certain accounting issues that arose in the Stadco acquisition would not re-occur with the purchase accounting for the acquisition of Votaw; (2) Tax accounting - Managementâ€™s plan required that it utilize a tax specialist with the requisite knowledge and resources to perform the required basic and detailed tax calculations so that all the parties can make a timely assessment of the Companyâ€™s tax provision. The Company engaged a new tax specialist in July 2023, and that tax specialist now prepares our interim and annual tax provisions. We will implement new controls in fiscal 2025 to ensure a timely quarterly review of our deferred tax assets and liabilities and valuation allowance requirements as we facilitate remediation of the material weakness; (3) Stadco accounting - For the fiscal year ended March 31, 2024, we reviewed our entity level controls, staffing requirements and the cost/benefit for upgrading our legacy systems and accounting staff at Stadco. As a result of this review, we are transitioning accounting function to the office of the Chief Financial Officer in Massachusetts, where expert and experienced personnel are in-place to execute a plan to 1) improve the effectiveness and efficiency of the accounting operation, ensuring a timely closing cycle, 2) improve the reliability of financial reporting, and 3) continued compliance with generally accepted accounting principles and applicable laws and regulations. We began to implement these measures during fiscal 2024 and we will monitor progress during fiscal 2025 as we facilitate remediation of the material weakness.Management believes that the above actions continue the process of remediation for the material weakness as disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024. The material weaknesses will not be considered remediated, however, until the applicable controls operate for a sufficient period and management has concluded, through testing, that these controls are operating effectively. We can provide no assurance as to when the remediation of these material weaknesses will be completed to provide for an effective control environment.We are committed to continually improving our internal control process and will diligently review our financial reporting controls and procedures. As we continue to evaluate and work to improve our internal control over financial reporting, we may decide that additional measures are necessary to address control deficiencies.Changes in Internal Control over Financial ReportingExcept as disclosed under â€œManagementâ€™s Remediation Planâ€, for the quarter ended September 30, 2024, there have been no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.Item 5. Other InformationDuring the three months ended September 30, 2024, none of our directors or officers informed us of the adoption or termination of a â€œRule 10b5-1 trading arrangementâ€ or â€œnon-Rule 10b5-1 trading arrangement,â€ as each term is defined in Item 408(a) of Regulation S-K.â€‹37Table of ContentsPARTÂ II. Other Information.Item 1. Legal Proceedings.We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. As of the date hereof, we are not a party to any material legal or administrative proceedings. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our managementâ€™s time and attention.On October 30, 2023, the Company and one of its employees were named as defendants in an action alleging individual claims of discrimination and wage and hour violations, along with representative wage and hour claims brought pursuant to the California Private Attorneys General Act of 2004 (â€œPAGAâ€) [Cal. Lab. Code, ss. 2698, et seq.] in California Superior Court for the County of Los Angeles. In the complaint, captioned Ibarra v. Stadco (LASC Case No. 23STCV26591), a former employee of Stadco, sought to recover alleged damages (including backpay from his date of termination and emotional distress), unpaid underpaid wages, penalties, attorneyâ€™s fees and costs of suit on his own behalf based on allegations of age and disability discrimination and wage and hour violations. The former employeeâ€™s individual claims would have been subject to private arbitration. In addition, the former employee seeks to recover civil penalties under PAGA on behalf of a group of similarly situated aggrieved employees based upon all paychecks issues since July 21, 2022, together with his attorneyâ€™s fees and costs of suit, for certain violations of the California Labor Code. For purposes of this action, â€œaggrieved employeesâ€ means all non-exempt employees of Stadco in California since July 21, 2022. The PAGA claim may not be privately arbitrated, and any settlement must be approved by the court. Stadco has retained outside legal counsel to defend this action. The parties participated in a mediation on June 26, 2024, and were able to reach a resolution within the Companyâ€™s expectations. Final settlement payment on the individual claims was due and paid in August 2024. On October 8, 2024, the Los Angeles County (CA) Superior Court approved the settlement of the Plaintiffâ€™s claim for imposition of civil penalties pursuant to the PAGA. Under the terms of the PAGA Settlement Agreement, the full PAGA settlement amount was paid by Stadco on December 12, 2024.â€‹38Table of ContentsItemÂ 6.Â Â Â Â Exhibits.ExhibitÂ IndexExhibit No.Â Â Â Â DescriptionÂ Â Â Â Incorporatedby ReferenceFormÂ Â Â Â File No.Â Â Â Â Date FiledÂ Â Â Â ExhibitNo.Â Â Â Â Filed orFurnishedHerewith3.1â€‹Certificate of Incorporation of the Registrantâ€‹SB-2â€‹333-133509â€‹August 28, 2006â€‹3.1â€‹â€‹3.2â€‹Amended and Restated By-laws of the Registrant â€‹8-Kâ€‹000-51378â€‹February 3, 2014â€‹3.1â€‹â€‹3.3â€‹Certificate of Designation for Series A Convertible Preferred Stock of the Registrantâ€‹8-Kâ€‹000-

51378â€‹March 3, 2006â€‹3.1â€‹â€‹3.4â€‹Certificate of Amendment to Certificate of Designation for Series A Convertible Preferred Stock of the Registrantâ€‹10-Qâ€‹000-51378â€‹November 12, 2009â€‹3.5â€‹â€‹10.1â€‹Tenth Amendment to Amended and Restated Loan Agreement and Sixth Amendment to Second Amended and Restated Promissory Note, executed on December 19, 2024, and effective as of May 24, 2024, by and among Ranor, Inc., Stadco New Acquisition, LLC, Stadco, Westminster Credit Holdings, LLC and Berkshire Bankâ€‹8-Kâ€‹001-41698â€‹December 26, 2024â€‹10.1â€‹â€‹31.1â€‹Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹X31.2â€‹Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹X32.1â€‹Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹X101.INSâ€‹XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹X101.SCHâ€‹XBRL Taxonomy Extension Schema Documentâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹X101.CALâ€‹XBRL Taxonomy Extension Calculation Linkbase Documentâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹X101.DEFâ€‹XBRL Taxonomy Extension Definition Linkbase Documentâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹X101.LABâ€‹XBRL Taxonomy Extension Label Linkbase Documentâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹X101.PREâ€‹XBRL Taxonomy Extension Presentation Linkbase Documentâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹X104â€‹Cover Page Interactive Data File â€“ The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL documentâ€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹â€‹Xâ€‹â€‹â€‹39Table of ContentsSIGNATURESPursuant to the requirementsÂ of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.Â Â TechPrecision CorporationÂ Â Â January 21, 2025By:/s/ Richard D. RoombergÂ Â Richard D. RoombergÂ Â Chief Financial Officerâ€‹â€‹40ExhibitÂ 31.1â€‹CERTIFICATIONâ€‹I, Alexander Shen, certify that:â€‹1. I have reviewed this quarterly report on FormÂ 10-Q of TechPrecision Corporation;â€‹2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;â€‹3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;â€‹4. The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act RulesÂ 13a-15(e)Â and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act RulesÂ 13a-15(f)Â and 15d-15(f)) for the registrant and have:â€‹a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;â€‹b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;â€‹c)Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; andâ€‹d)Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; andâ€‹5. The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):â€‹a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; andâ€‹b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.â€‹Dated: January 21, 2025/s/ Alexander ShenÂ Alexander ShenÂ Chief Executive OfficerÂ (Principal Executive Officer)â€‹ExhibitÂ 31.2â€‹CERTIFICATIONâ€‹I, Richard Roomberg, certify that:â€‹1. I have reviewed this quarterly report on FormÂ 10-Q of TechPrecision Corporation;â€‹2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;â€‹3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;â€‹4. The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act RulesÂ 13a-15(e)Â and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act RulesÂ 13a-15(f)Â and 15d-15(f)) for the registrant and have:â€‹a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;â€‹b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;â€‹c)Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; andâ€‹d)Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and,â€‹5. The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):â€‹a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; andâ€‹b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.â€‹Dated: January 21, 2025/s/ Richard D. RoombergÂ Richard D. RoombergÂ Chief Financial OfficerÂ (Principal Financial Officer)â€‹ExhibitÂ 32.1â€‹CERTIFICATION PURSUANT TOâ€‹SECTIONÂ 906 OF THE SARBANES-OXLEY ACT OF 2002â€‹In connection with the quarterly report on FormÂ 10-Q of TechPrecision Corporation (the â€œCompanyâ€) for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€),Â I, Alexander Shen, the Chief Executive Officer of the Company, and I, Richard D. Roomberg, the Chief Financial Officer of the Company, do hereby certify pursuant to 18 U.S.C. Â§1350, as adopted pursuant to Â§906 of the Sarbanes-Oxley Act of 2002, that:â€‹(1)the Report fully complies with the requirements of SectionÂ 13(a)Â or 15(d)Â of the Securities Exchange Act of 1934, as amended; andâ€‹(2)the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.â€‹Dated: January 21, 2025/s/ Alexander ShenÂ Alexander ShenÂ Chief Executive OfficerÂ (Principal Executive Officer) Â Â Â Dated: January 21, 2025/s/ Richard D. RoombergÂ Richard RoombergÂ Chief Financial Officer (Principal Financial Officer)â€‹