

REFINITIV

DELTA REPORT

10-K

CMTL - COMTECH TELECOMMUNICATION

10-K - JULY 31, 2024 COMPARED TO 10-K - JULY 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 5774

█ **CHANGES** 592

█ **DELETIONS** 2205

█ **ADDITIONS** 2977

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

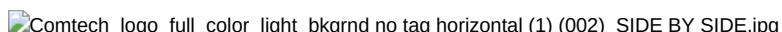
(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended **July 31, 2023** **July 31, 2024**

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-7928

Comtech_logo_full_color_light_bkgrnd no tag horizontal (1) (002)_SIDE BY SIDE.jpg

(Exact name of registrant as specified in its charter)

Delaware

11-2139466

(State or other jurisdiction of incorporation /organization)

(I.R.S. Employer Identification Number)

**68 South Service Road, Suite 230, 305 N 54th Street,
Melville, NY Chandler, Arizona**

11747 85226

(Address of principal executive offices)

(Zip Code)

(631) (480) 962-7000 333-2200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Common Stock, par value \$.10 per share

CMTL

Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data file required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate 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 "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant, computed by reference to the closing sales price as quoted on the Nasdaq Global Select Market on **January 31, 2023** **January 31, 2024** was approximately **\$438,634,000**. **\$178,712,000**.

The number of shares of the registrant's common stock outstanding on **October 6, 2023** **October 23, 2024** was **28,127,498**. **28,866,682**.

DOCUMENTS INCORPORATED BY REFERENCE.

Certain portions of the document listed below have been incorporated by reference into the indicated Part of this Annual Report on Form 10-K:

Proxy Statement for **2023** **2024** Annual Meeting of Stockholders - Part III

INDEX

PART I

ITEM 1.	<u>BUSINESS</u>	<u>1</u>
	<u>Business Segments</u>	<u>23</u>
	<u>Satellite and Space Communications Segment</u>	<u>24</u>
	<u>Terrestrial and Wireless Networks Segment</u>	<u>67</u>
	<u>Acquisitions Strategic Transformation</u>	<u>11</u>
	<u>Sales, Marketing and Customer Support</u>	<u>11</u>
	<u>Backlog</u>	<u>12</u>
	<u>Research and Development</u>	<u>13</u>
	<u>Intellectual Property</u>	<u>13</u>
	<u>Competition</u>	<u>14</u>
	<u>Corporate Responsibility and Sustainability</u>	<u>15</u>
	<u>Human Capital</u>	<u>15</u>
	<u>U.S. Government Contracts and Security Clearances</u>	<u>17</u>
	<u>Regulatory Matters</u>	<u>19</u>
ITEM 1A.	<u>RISK FACTORS</u>	<u>19</u>
ITEM 1B.	<u>UNRESOLVED STAFF COMMENTS</u>	<u>46</u>
ITEM 2.	<u>PROPERTIES</u>	<u>47</u>
ITEM 3.	<u>LEGAL PROCEEDINGS</u>	<u>49</u>
ITEM 4.	<u>MINE SAFETY DISCLOSURES</u>	<u>49</u>

PART II

ITEM 5.	<u>MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	<u>49</u>
	<u>Stock Performance Graph and Cumulative Total Return</u>	<u>49</u>
	<u>Dividends</u>	<u>50</u>
	<u>Recent Sales of Unregistered Securities</u>	<u>50</u>
	<u>Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	<u>50</u>
	<u>Approximate Number of Equity Security Holders</u>	<u>58</u>
ITEM 6.	<u>[RESERVED]</u>	<u>58</u>

ITEM 7.	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>51</u> <u>59</u>
	<u>Overview</u>	<u>51</u> <u>59</u>
	<u>Critical Accounting Policies</u>	<u>52</u> <u>60</u>
	<u>Results of Operations</u>	<u>54</u> <u>62</u>
	<u>Fiscal 2023 2024 Highlights and Business Outlook for Fiscal 2024 2025</u>	<u>55</u> <u>63</u>
	<u>Comparison of Fiscal 2024 and 2023</u>	<u>66</u>
	<u>Comparison of Fiscal 2023 and 2022</u>	<u>57</u>
	<u>Comparison of Fiscal 2022 and 2021</u>	<u>63</u> <u>73</u>
	<u>Liquidity and Capital Resources</u>	<u>63</u> <u>74</u>
	<u>Recent Accounting Pronouncements</u>	<u>67</u> <u>79</u>
ITEM 7A.	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>67</u> <u>79</u>
ITEM 8.	<u>FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	<u>67</u> <u>79</u>
ITEM 9.	<u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	<u>67</u> <u>80</u>
ITEM 9A.	<u>CONTROLS AND PROCEDURES</u>	<u>68</u> <u>80</u>
ITEM 9B.	<u>OTHER INFORMATION</u>	<u>69</u> <u>81</u>
ITEM 9C.	<u>DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS</u>	<u>69</u> <u>81</u>

PART III

ITEM 10.	<u>DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	<u>70</u> <u>82</u>
ITEM 11.	<u>EXECUTIVE COMPENSATION</u>	<u>70</u> <u>82</u>
ITEM 12.	<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	<u>70</u> <u>82</u>
ITEM 13.	<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE</u>	<u>70</u> <u>82</u>
ITEM 14.	<u>PRINCIPAL ACCOUNTING FEES AND SERVICES</u>	<u>70</u> <u>82</u>

PART IV

ITEM 15.	<u>EXHIBITS, FINANCIAL STATEMENT SCHEDULES</u>	<u>71</u> <u>83</u>
ITEM 16.	<u>FORM 10-K SUMMARY</u>	<u>74</u> <u>86</u>
	<u>SIGNATURES</u>	<u>75</u> <u>87</u>

<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE</u>	<u>F-1</u>
--	----------------------------

Note: As used in this Annual Report on Form 10-K ("Form 10-K"), the terms "Comtech," "we," "us," "our" and "our Company" mean Comtech Telecommunications Corp. and its subsidiaries.

Note About Forward-Looking Statements

Certain information in this Form 10-K contains, and oral statements made by our representatives from time to time may contain, forward-looking statements. Forward-looking statements can be identified by words such as: "anticipate," "believe," "continue," "could," "estimate," "expect," "future," "goal," "outlook," "intend," "likely," "may," "plan," "potential," "predict," "project," "seek," "should," "strategy," "target," "will," "would," and similar references to future periods. Examples of forward-looking Forward-looking statements include, among others, statements we make regarding our expectations for the strategic alternatives process regarding our Terrestrial and Wireless Networks segment, our expectations for further portfolio-shaping opportunities, our expectations for other operational initiatives, the intended use of proceeds from the amended Credit Facility and new subordinated term loan facility, our expectations for completing further financing initiatives, our future performance and financial condition, our plans to address our ability to continue as a going concern, the plans and objectives of our management and our assumptions regarding such future performance, financial condition, and plans and objectives that involve certain significant known and unknown risks and uncertainties and other factors not under our control which may cause our actual results, future performance and financial condition, and achievement of our plans and objectives of our management to be materially different from the results, performance or other expectations implied by these forward-looking statements. These factors Factors that could cause actual results to differ materially from current expectations include, among other things: the outcome and effectiveness of the aforementioned strategic alternatives process regarding our Terrestrial and Wireless Networks segment, further portfolio-shaping opportunities, other operational initiatives, and the completion of further financing activities; our ability to access capital and liquidity so that we are able to continue as a going concern; our ability to implement changes in our executive leadership; the possibility that the expected synergies and benefits from acquisitions our strategic activities will not be fully realized, or will not be realized within the anticipated time periods; the risk that the acquired businesses will not be integrated successfully; impacts from and uncertainties regarding future actions that may be taken by Michael Porcelain and stockholders affiliated with him in furtherance of their nominations of director candidates for election at our Fiscal 2024 Annual Meeting of Stockholders; the possibility of disruption from acquisitions or dispositions, making it more difficult to maintain business and operational relationships or retain key personnel; the risk that we will be unsuccessful in implementing our "One Comtech" transformation and integration of individual businesses into two segments; the risk that we will be unsuccessful in implementing a tactical shift in our Satellite and Space Communications segment away from bidding on large commodity service contracts and toward pursuing contracts for our niche products and solutions with higher margins; the nature and timing of our receipt of, and our performance on, new or existing orders that can cause significant fluctuations in net sales and operating results; the timing and funding of government contracts; adjustments to gross profits on long-term contracts; risks associated with international sales; rapid technological change; evolving industry standards; new product announcements and enhancements; changing customer demands and and/or procurement strategies; strategies and our ability to scale opportunities and deliver solutions to current and prospective customers; changes in prevailing economic and political conditions, including as a result of Russia's military incursion into Ukraine; Ukraine, the Israel-Hamas war and attacks in the Red Sea region; changes in the price of oil in global markets; changes in prevailing interest rates and foreign currency exchange rates; risks associated with our legal proceedings, customer claims for indemnification, and other similar matters; risks associated with our obligations under our credit facility; facilities; risks associated with our large contracts; risks associated with the COVID-19 pandemic and related supply chain disruptions; and other factors described in this and our other filings with the Securities and Exchange Commission ("SEC"). However, the risks described in this Form 10-K are not the only risks that we face. Additional risks and uncertainties, not currently known to us or that do not currently appear to be material, may also materially adversely affect our business, financial condition and/or operating results in the future. We describe risks and uncertainties that could cause actual results and events to differ materially in "Risk Factors" the "Risk Factors" (Part I, Item 1A of this Form 10-K), "Management's" "Management's Discussion and Analysis of Financial Condition and Results of Operations" "Operations" (Part II, Item 7 of this Form 10-K) and "Quantitative" "Quantitative and Qualitative Disclosures about Market Risk" "Risk" (Part II, Item 7A of this Form 10-K). We do not intend to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise, except as required by law.

1

PART I

ITEM 1. BUSINESS

Founded in 1967, we arehave a leading global provider longstanding history of next-generation 911 emergency systems ("NG-911") and secure wireless and satellite communications technologies. This includes the providing critical communications infrastructure technology and solutions to customers around the world. We serve two core end-markets: secure satellite and wireless communications via our Satellite and Space Communications segment, and next-generation 911 and public safety via our Terrestrial and Wireless Networks segment. In both cases, we are at the forefront of the technologies that solve extraordinarily complex communications problems – whether it's a 911 call captured, routed, and data-enhanced to optimize the public safety result in situations where every second matters, or providing communications infrastructure that ensures people, businesses, and governments rely can connect anywhere on when durable, trusted earth, under any conditions – including on the battlefield. We believe the demand for more, and better, connectivity is required, only growing as more devices become connected via the cloud, as growing constellations of communications satellites enable ubiquitous connectivity, and more data is created, shared and acted upon by increasingly powerful tools (including AI). This demand will come from government and commercials customers alike, as both private enterprises and government actors increasingly see the need for, and value of, next-generation communications capabilities.

Fiscal 2024 marked a year of change for our organization.

Our fiscal 2024 results were impacted by refinancing and liquidity headwinds, which in turn weighed on our supply chain, and lengthened product development and delivery cycles. Despite this commercial overhang, both of our business segments performed in terms of winning business. The Satellite and Space Communications segment secured competitive contracts on next-generation modem platforms with government customers, such as the Enterprise Digital Intermediate Frequency Multi-Carrier ("EDIM") modem contract with the U.S. Army and a sole-source follow-on contract to support the U.S. Air Force and Army Anti-Jam Modem ("A3M") initiative. We concluded a significant product R&D cycle, culminating with the launch in September 2024 of our new Digital Common Ground ("DCG") portfolio of modems, which we believe will provide our Satellite and Space

Communications segment with a significant technology advantage. The DCG family of products are expected to provide our customers with truly next-generation capabilities, including software defined, virtualized communications networks.

Additionally, over the course of fiscal 2024, we continued to review our operations, streamlining under-performing legacy products, lines of business and/or legacy growth initiatives that have not met our return expectations, or are no matter where they are – on land, longer core to our strategic plans. For example, in November 2023, we announced the divestiture of our Power Systems Technology solid-state power amplifier product line to Stellant Systems, Inc. More recently, we re-evaluated our operations at sea, or our Basingstoke facility in the air – UK and no matter what determined the circumstances – from armed conflict path to profitable operations was both unclear and expensive. As a natural disaster, result, we made the decision to exit this product line.

Our solutions are designed Terrestrial and Wireless Networks segment underwent a transformation of its own in fiscal 2024. Led by Jeff Robertson, who joined Comtech as Terrestrial and Wireless Networks's President in March 2024, Terrestrial and Wireless Networks saw improved profitability and achieved a book-to-bill ratio of 1.70x in fiscal 2024. The segment also delivered a strong win rate for major public safety projects, as evidenced through more than doubling year-over-year bookings of orders for next-generation solutions. The Terrestrial and Wireless Networks segment recorded multiple key wins, including multi-year renewals for maintenance of NG-911 systems with longstanding customers, such as the Commonwealth of Massachusetts, the State of Washington and the North Central Texas Emergency Communications District.

Comtech exited fiscal 2024 with a record funded consolidated backlog of \$798.9 million.

Amended Credit Agreement and New Subordinated Term Loan Facility

While revenue generation was healthy, and we were able to fulfill grow our customers' needs for secure wireless communications backlog, our Adjusted EBITDA in the most demanding environments, including those where traditional communications are unavailable or cost-prohibitive, and in mission-critical and other scenarios where performance is crucial. We anticipate future growth fourth quarter of fiscal 2024 was significantly below expectations primarily due to underperformance in our business due Satellite and Space Communications segment, causing us to a trend enter into an amendment to our credit facility, dated June 17, 2024. Among other things, the amendment waives certain defaults or events of increasing demand default in connection with certain covenants, including the Net Leverage Ratio and Fixed Charge Coverage Ratio covenants for global voice, video and data usage in recent years, upgraded ground stations and related services resulting from the large quantities fourth quarter of satellites anticipated to be launched for new LEO and MEO constellations, digitization and virtualization of modems, the resurgence of troposcatter as a viable form of primary or backup communications, enhanced location positioning combined with data-rich geospatial intelligence, and the growth of 988 networks. We provide our solutions to both commercial and governmental customers within the converging satellite and space communications and terrestrial and wireless networking markets. fiscal 2024.

In August 2022, we announced that Ken Peterman was appointed President and CEO. Mr. Peterman's significant experience in satellite technology and decades of experience with U.S. government contracting is expected to enhance our efforts to continually improve commercial success and shareholder value. To advance our CEO's initiatives to further strengthen and grow our business, we continue to move forward on the operational and cultural transformation that we call "One Comtech."

12

Additionally, the amendment added a consent right that limits our borrowing capacity under the revolver portion of our credit facility. To eliminate the event of default, address the reduced borrowing capacity and bolster liquidity, we entered into a new \$25.0 million subordinated unsecured term loan facility with the existing holders of our convertible preferred stock. Additional information related to the amended credit facility and new subordinated unsecured term loan facility can be found in a Form 8-K that was filed with the Securities and Exchange Commission ("SEC") on October 17, 2024, as well as throughout this Form 10-K.

Since being appointed President Transformation Strategy to Become a Pure-Play Satellite and CEO, Mr. Peterman, along with his senior leadership team, has been driving transformational changes at Comtech Space Communications Company

At the beginning of fiscal 2024, we made a commitment to among other things, integrate our individual businesses into two segments shareholders to be a more forward-looking organization. To that end, on October 17, 2024, we announced a transformation strategy to re-shape our Company as a pure-play satellite and improve operational performance. This space communications company, which we believe will unlock, create and deliver value to our shareholders over time. Ongoing and future actions supporting this transformation has provided insight into strategy include:

- An exploration of strategic alternatives for our Terrestrial and Wireless Networks segment, which is well underway;
- The pursuit of further portfolio-shaping opportunities to manage costs, streamline operations, improve enhance profitability, efficiency and accelerate decision making by eliminating management layers focus; and other redundancies.
- The implementation of additional operational initiatives to achieve profitable results from operations and to align our Company's go-forward cost structure with a pure-play focus on satellite and space communications.

In combination, we expect these three complimentary initiatives to create a pure-play leader in a large and growing market. As part a U.S.-based provider of our "One Comtech" initiative, modems and high-power amplifiers, and a market leader in troposcatter technologies, we also celebrated the rebranding have a history of delivering mission-critical satellite and launch of Comtech's new logo communications solutions for government and website, representing our commitment commercial customers. Our goal is to create a competitive, focused and efficient business delivering software-centric, cloud native sustainable and profitable growth while providing customers with best-in-class satellite and space communications infrastructure solutions.

In fiscal 2023, we established EVOKE as Comtech's innovation foundry, which is dedicated to creating and accelerating transformational changes in global technologies. We believe that EVOKE will enhance our existing technologies and service offerings (e.g., cloud-native satellite ecosystems, 5G advanced services and "as-a-service" business models) as well as allow us to pioneer entirely new ideas and opportunities with the benefit of multiple perspectives, industry backgrounds and areas of expertise. Since our launch of EVOKE, we have announced several technology partners, including Aarna Networks, Descartes Labs, Inc., Sirql, Inc. and WishKnish Corp. By combining Aarna Networks' technologies with Comtech's Dynamic Cloud Platform, the companies anticipate enabling customers to easily add and manage a variety of open architecture cloud-based applications across private, hybrid and public networks, in both terrestrial and non-terrestrial environments. We are working with Descartes Labs to infuse the power of artificial intelligence, machine learning, predictive intelligence and insight monitoring across Comtech's product offerings. Comtech and Sirql are working on "Smart Operations," where enterprises will be able to make business decisions with real time Internet of Things ("IoT") data. Through our collective efforts, we are working to bring robust mobile, web, social, voice, IoT, and other technologies to a variety of global markets. We are working in collaboration with WishKnish on integrating highly secure, flexible distributed ledger (blockchain) technologies across diverse commercial and government applications.

Business Segments

We offer advanced secure wireless communications technologies founded on decades of expertise in the satellite communications and cellular markets. We manage our business through two reportable operating segments: Our Satellite and Space Communications segment is one of a limited number of U.S.-based providers of modems and high-power amplifiers, a market leader in troposcatter technologies, and serves some of the world's largest defense contractors and allied foreign governments, as well as multiple U.S. government agencies, including branches of the U.S. Armed Forces, U.S. Department of Defense ("DoD") and U.S. Space Force ("USSF"), among others. Our Terrestrial and Wireless Networks segment is a leading provider of next generation 911 ("NG-911") infrastructure and leverages synergies that exist between the segments, including in areas such as manufacturing, technology, sales, marketing, customer support, solutions for state and local governments, and services by our two reportable operating segments: carriers.

Satellite and Space Communications Segment (Approximately 61% of fiscal 2023 net sales)	Terrestrial and Wireless Networks Segment (Approximately 39% of fiscal 2023 net sales)
<ul style="list-style-type: none"> Contributed approximately 60% of fiscal 2024 net sales Satellite ground station technologies, services Modems and system integration that facilitate Amplifiers: One of the only U.S.-based providers of modems and high-power amplifiers, facilitating the transmission of voice, video and data over GEO, MEO and LEO satellite constellations including solid-state and traveling wave tube power amplifiers, modems, VSAT platforms and frequency converters Satellite communications and tracking antenna systems, including high precision full motion fixed and mobile X/Y tracking antennas, RF feeds, reflectors, and radomes Troposcatter Technologies: Over-the-horizon microwave equipment that can transmit A global leader in troposcatter technologies, capable of securely transmitting digitized voice, video, and data over distances up to 200 miles, using the troposphere with strong market share in existing C-band and diffraction, including the Comtech COMET™ X-band troposcatter systems worldwide Solid-state, RF microwave high-power amplifiers Government Services: Provides specialized onsite and control components designed remote professional engineering and training / support services for radar, electronic warfare, data link, medical and aviation applications U.S. government customers Procurement Space Components: Specializes in delivering components for antennas and supply chain management of high reliability EEE parts high-reliability electronic components and engineering services for satellite, launch vehicle and manned space applications programs Field support sustainment services and technology insertion services primarily supporting tactical VSAT systems, Blue Force Tracking Systems and cybersecurity training services Customers <p>include the world's largest defense contractors, allied foreign governments, as well as multiple U.S. government agencies (including all branches of the U.S. Armed Forces)</p>	<ul style="list-style-type: none"> Wireless/VoIP 911 location and routing services to connect emergency calls to Public Safety Answering Points Contributed approximately 40% of fiscal 2024 net sales SMS Text to Next-Generation 911 services, providing alternate paths for individuals who need to request assistance (via text messaging) a method to reach Public Safety Answering Points Solutions: Next Generation 911 solutions, providing we provide emergency call routing, location validation, policy-based routing rules, logging, and security functionality Emergency Services IP Network transport infrastructure Global Carrier Location and Messaging Services: Software and equipment for location-based and text messaging services for carriers, including for public safety, commercial and government services, and wireless emergency services communications and support of Next Generation 911 services alerts solutions for network operators Call Call-Handling Solutions: we provide comprehensive call handling applications for Public Safety Answering Points Wireless emergency alerts solutions for network operators Customers Software include state and equipment for location-based local governments across Canada and text messaging services for various applications, including for public safety, commercial the U.S., and government services Cybersecurity training, skills labs, several of the largest telecommunications companies in the world (including AT&T and competency assessments for both technical and non-technical applications Verizon)

Financial information about our business segments, including net sales, operating income, results, Adjusted EBITDA (a Non-GAAP financial measure), total assets, and our operations outside the United States, is provided in "Notes to Consolidated Financial Statements - Note (11)(12) Segment Information" included in "Part II - Item 8. Financial Statements and Supplementary Data."

The markets and key technologies for each segment are further described below.

Satellite and Space Communications Segment

Overview

Our Satellite and Space Communications segment designs, builds and supports a variety of sophisticated communications equipment that is designed critical to meet or exceed the highest standards for performance modern communications infrastructures. We are one of a limited number of U.S.-based providers of modems and quality by businesses and governments worldwide. Applications of our equipment include high-throughput cellular backhaul solutions, modern troposcatter communications equipment, satellite ground station systems, electronic components engineered for use in outer space and high-powered RF/microwave high-power amplifiers, and control components. Our customers and end-users include the world's largest corporations, governments and defense agencies, including the U.S. government.

a market leader in troposcatter technologies. Our Satellite and Space Communications segment has an innovative portfolio of these mission-critical technologies and serves some of the world's largest defense contractors and allied foreign governments, as well as multiple U.S. government agencies, including the U.S. Department of Defense.

The Satellite and Space Communications segment operates in large and growing end markets that benefit from multiple tailwinds and demand-drivers, including growing global geopolitical tensions, rising global defense spending, and high barriers to entry. Further, these end markets are undergoing technology upgrade cycles and modernization initiatives that are expected to underpin demand for years to come. Fueling these cycles are the USSF's Commercial Space Strategy and the DoD's Joint All Domain Command and Control approach, which are expected to generate strong demand for the Satellite and Space Communications business' next-generation digital solutions. Today, only a limited number of companies, including Comtech, can serve the complex needs of the U.S. and other governments and meet this demand.

Our Satellite and Space Communications segment is organized into four product areas: categories: satellite modem and amplifier technologies, troposcatter technologies, government services and space components.

Satellite Modem and Amplifier Technologies Troposcatter and SATCOM Solutions, Space Components and Antennas, and High-Power Amplifiers and Switch Technologies. See "Notes to Consolidated Financial Statements - Note (18) – Subsequent Events" included in "Part II - Item 8. Financial Statements and Supplementary Data" for information concerning the divestiture of our solid-state, RF microwave high-power amplifiers and control components product line.

Satellite Modem and Amplifier Technologies

We believe we are a leading provider of satellite earth station modems, solid-state amplifiers and traveling wave tube amplifiers. Many of our key satellite earth station modems incorporate forward error correction and bandwidth compression technologies, which enable our customers to optimize their satellite networks by either reducing their satellite transponder lease costs or increasing data throughput. We hold leadership strong positions in the market for high-throughput modems used in cellular backhaul, a market that has been rapidly growing due to increased mobile phone device usage and increasing data throughput demands from LTE and 5G deployments worldwide.

An estimated 3 billion people globally remain unconnected to any wireless services, representing a significant opportunity. In fiscal 2021, we introduced a Time Division Multiple Access ("TDMA") technology solution which offers best-in-class support for very large satellite networks that use Very Small Aperture Terminals ("VSATs"). This technology allows our customers to cost-effectively provide wireless services to end-users in complex geographies or areas where cellular infrastructure is otherwise unavailable. In fiscal 2022, we introduced ELEVATE™, a revolutionary solution that combines our Heights Dynamic Network Access ("H-DNA") and TDMA technologies into a single VSAT platform that delivers increased value to our customers by enabling private or shared VSAT networks of any size and topology on a single unified platform. To date, although sales cycles are long, we have made good progress in securing several significant orders for ELEVATE™.

An increasing area of focus for many governments, including the United States U.S. Department of Defense ("DoD") and several coalition partners, is maturing satellite communications. Many of our satellite communications products have been tested and certified for use by U.S. and coalition military satellite communications ("MILSATCOM") assets, such as the Wideband Global SATCOM constellation. We believe this provides us the opportunity to capture the increased demand for MILSATCOM programs.

In September 2024, we announced the launch of our new Digital Common Ground ("DCG") portfolio of modems, designed to enable the U.S. DoD and coalition partners to move to digitized, hybrid satellite network architectures. Built on the our proven satellite communications ("SATCOM") modem portfolio, our DCG modems are designed and built at Comtech's headquarters in Chandler, AZ and support commercial and government satellite operations on a single common platform that can be reconfigured rapidly to address changing operational needs.

We believe our DCG portfolio is one of the first product lines on the market today offering robust access to multi-orbit capabilities across commercial and purpose-built networks. The DCG product line is also one of the first to be Digital Intermediate Frequency Interoperability ("DIFI") compliant, adhering to DoD and coalition communications standards to enable seamless information flow between services, a key tenet of Combined Joint All Domain Command and Control ("CJADC2"). The DCG product line offers industry leading performance, through multi-gigabit throughput at launch. In addition, we incorporate modern cybersecurity design principles at every level across our DCG product line, ranging from a trusted supply chain to a thoughtful software upgrade lifecycle, including in-field updates. We believe the technologies incorporated into our DCG product line create a meaningful competitive advantage for us.

4

We also provide rugged, highly efficient, and reliable amplifiers for commercial and military applications around the world. These **High-Power Amplifiers** high-power amplifiers ("HPAs") are used in critical communications links on the ground, in the air and on the sea; they support fixed traditional and direct-to-home broadcast, mobile news gathering, transportable and flyaway systems, secure high data rate communications, and broadband access over **satcom**. **SATCOM**. These products include configurations that are formally qualified for use on aircraft and being installed as both retrofit and linefit initiatives.

Finally, we believe we are well-positioned in the millimeter wave ("mmWave") market and expect that market to continue to grow as new satellite constellations move into those higher, less crowded frequencies. The Ka band Low Earth orbit ("LEO") and Medium Earth orbit ("MEO") amplifiers that we design and manufacture for large commercial customers' non-GEO constellations represent key strategic wins as we build positions in higher frequency bands.

Troposcatter and SATCOM Solutions

With persistent threats from state and non-state actors, governments around the world are increasingly seeking ways to mitigate vulnerabilities using information and more reliable communication systems to increase decision-makers' situational awareness.

3

Many of our mission-critical technologies are part of integrated communication infrastructure systems such as the U.S. military's Command, Control, Communications, Computers, Cyber Intelligence, Surveillance and Reconnaissance (also known as "C5ISR") systems and similarly complex networks for international governments. **Technologies**

We believe we are a world leader in the design and supply of troposcatter equipment. We have designed, manufactured, and delivered troposcatter systems (sometimes referred to as over-the-horizon ("OTH") microwave products and systems) for well over fifty years. We have significantly advanced the capabilities of our Troposcatter Family of Systems ("FoS"); we now deliver a next-generation, software-defined solution that represents a thousand-fold performance increase over prior generations of equipment.

Our OTH systems, which Over the recent past, our next-generation Troposcatter terminals have been chosen by the U.S. Army, the Marines and defense organizations overseas to support the tactical communications requirements of our allies. While our traditional buyer is military, advances in mobility and performance expand our end markets to include new customers. Key industry verticals we are seeking to sell into include oil and gas, utility, marine and rail uses.

At the same time, the traditional defense market is changing and growing in ways that we believe make our patented forward error correction technology, can transmit video and other broadband applications at high throughputs in equipment more relevant: for years, conflicts involving the most demanding environments: U.S. and foreign governments use our over-the-horizon microwave systems to, among other things, transmit radar tracking, run C5ISR applications and connect to remote border locations. Additionally, energy companies use our systems to enable communication links for offshore oil rigs and other remote locations, as well as for exploration activities. The Comtech COMET™ is a rapidly deployable OTH microwave system that directly addresses a void in capabilities that have long been desired by tactical communications planners: low probability of intercept and low probability of detection ("LPI/LPD"), while providing high reliability, mission essential communications. The COMET™ is capable of being transported in a carrying case by a single individual and set up in under fifteen minutes, extending critical services into areas where there allies mostly involved actions against unconventional adversaries with less advanced technology. That is no longer the case, as conflicts involving state actors arise around the globe. Now, U.S. and allied defense strategies are shifting focus to threats from organized, better equipped and higher technology adversaries. This places a premium on sophisticated communications infrastructure, or technology from trusted, onshore providers, and creates a natural upgrade cycle for legacy systems deployed globally over the infrastructure has been destroyed. U.S. Special Forces, years.

We're encouraged by the potential for our Troposcatter FoS, as well as non-U.S. NATO forces, have already begun procuring we believe we offer one of the best products, with one of the best technologies, to a growing list of customers with expanding use cases, and deploying the COMET™ for high reliability, mission essential communications, a set of newly-developing end markets that should provide our business with long-term growth opportunities.

Government Services

We provide training and field support sustainment services, centralized for multiple U.S. government agencies across an array of programs. These are typically long-term, multi-million dollar contracts, and deployed depot services, and technology insertion services to examples include: Comtech as sole award winner of a 5-year, \$544.0 million Global Field Service Representative ("GFSR") contract with the U.S. Army's AN/TSC-198 family Army to provide onsite professional engineering services, as well as supply and support

communications technologies (we note that this contract is currently under protest by the incumbent); Comtech as sole award winner of communication systems that are commonly referred a 5-year, \$125.0 million contract to provide complex cybersecurity operations training for U.S. government customers; and Comtech as "SNAP" (Secret Internet Protocol Router ("SIPR" one of multiple awardees of a large multi-year Global Tactical Advanced Communication Systems II ("GTACS II") and Non-secure Internet Protocol Router ("NIPR") Access Point) VSATs, support for contract with the U.S. Army "SCOUT" (Scalable Class of Unified Terminals), and Army T2C2 (Tactical Command Communication). Our field support services include providing DoD personnel with curriculum development and training services to support cybersecurity workforce development. Very Small Aperture Terminal ("VSAT") satellite systems and related services.

Space Components and Antennas

For over 45 years, we have been recognized as an industry leader and global supplier of high-reliability products and supply chain management and engineering services, supporting selection of space-qualified parts for satellite and launch vehicle tracking solutions geared for critical U.S. National Aeronautics and Space Administration ("NASA") programs as well as several international space and defense agencies. Our engineers are not only involved in the design of products, but our technical team is heavily involved with the customer development of electronic parts and testing specifications to assure capability, reliability and radiation tolerance to specific mission/project requirements both as an individual service and for Electrical, Electronic, and Electromechanical ("EEE") parts supplied to our customers. We also lead and conduct failure analysis investigations and assist with manufacturing and test problems at the source and support reporting and sell-off with the customer and its prime (such as the Japanese Space Exploration Agency ("JAXA") and NASA). Our quality engineering team assures that the product received from our suppliers and test facilities are compliant to their respective specifications prior to shipment to our end customers. Most recently, our service offerings have been expanded to include kitting to customer Bill of Materials with direct shipments to customer designated contract manufacturers.

Within the satellite communications market, we are a leading provider of X/Y terminal solutions components that fully support the mission requirements of LEO, MEO and GEO satellite communication and tracking requirements, offering a host of high-performance single-band and multi-band feed solutions. We also supply maritime antenna solutions that are fielded by foreign governments.

High Power Amplifiers and Switches

We offer several unique high-performance transmit and receive technologies used in sophisticated communication systems, including electronic warfare, radar, data link, medical and identification friend or foe ("IFF"). As our customers push the envelope for mobility, speed and frequency, we believe that demand for high-performance transmission products will increase over time.

45

Our solid-state, high-power RF microwave amplifiers and related switching control technologies are utilized in many critical applications, including electronic warfare, communications, radar, data link, IFF and medical applications (such as oncology treatment systems). In the electronic warfare marketplace, we support a variety of legacy systems and are participating in the ongoing migration to platforms that require smaller and lighter amplifiers integrated with additional signal processing functionality, providing more complete transmit and receive functionality. Our solutions are designed to increase the flexibility of systems by providing wider bandwidth capabilities to address increased data transmission needs in challenging environments. We also believe the desire for increased airspace situational awareness will create increased opportunities for our radar and IFF products, which are used by government and commercial customers around the world. Our high power and highly reliable Gallium Nitride ("GaN") amplifier technology is increasingly used both to update existing radar systems for improved sensitivity and range, as well as for new radar applications and installations. In addition to technologies that enhance performance of primary radars, we also supply solutions for IFF systems that provide positive identification of radar targets for secondary surveillance systems.

Satellite and Space Communications: Key Markets and Growth Drivers

Combined, our As noted previously, the Satellite and Space Communications segment offers our customers one-stop-shopping operates in large and growing end markets that benefit from multiple tailwinds, including technology upgrade cycles and modernization initiatives that are expected to underpin demand for sophisticated satellite ground station technologies years to come. The need for more communications infrastructure from governments and solutions, including SCPC enterprise alike is expected to increase as larger constellations of satellites are deployed, connected devices and TDMA modems, amplifiers, antennas, frequency converters end-points proliferate, and network software for customers who utilize satellite communications. Our products are used to modulate, demodulate elevated geopolitical tensions persist and amplify signals, carry voice, video and/or data over networks re-prioritize government agency and are vital to satellite communication applications, including air-to-ground communications, video broadcasting and the backhaul of cellular traffic. Our Satellite and Space Communications segment manufactures most of the satellite ground station equipment we sell to our customers.

defense spending. We believe that the overall satellite ground station equipment industry will grow from current levels and will be increasingly combined with existing and new cellular networks. This growth is expected to occur because of widespread deployment of, and upgrades to, 4G and 5G ground-based systems, including satellite earth stations, as well as the integration of high-performance amplifiers necessary to meet long-term demand for high-performance satellite communications applications, such as satellite-based wireless backhaul, DTH, HD and 4K broadcasting, and in-flight connectivity. We believe that Comtech is well-positioned to capitalize on this demand through sales of our market-leading, satellite ground station technologies, including new next-generation satellite earth station ground infrastructure technologies that can be used with the thousands of new LEO, MEO and large HTS satellite constellations that are expected to be deployed over the next several years, and our advanced troposcatter systems.

Examples of end-market applications that are driving long-term demand for our satellite-based communication technologies include:

- **Government and Military Satellite Communications:** Government users rely on high-speed connectivity in a variety of conditions throughout the world to provide real time information sharing, including Situational Awareness ("SA"), dissemination of Intelligence, Surveillance, and Reconnaissance ("ISR") information, and communications. Our communications solutions provide command and control and satellite networking capabilities that support U.S. and allied government initiatives for assured and resilient communications capabilities, as well as supporting interoperability objectives, including the Joint All Domain Command and Control ("JADC2") efforts.
- **New LEO, MEO and HTS Satellites:** Thousands of new satellites are reportedly in orbit or being launched over the next several years, according to announcements by companies including Telesat Lightspeed, Eutelsat, OneWeb, SpaceX Starlink, Amazon Kuiper and Viasat, which we believe will lead to increasingly complex satellite networks. As service providers work to offer connectivity to these high-speed, high-bandwidth satellites and expand their networks to handle the demand for new LEO, MEO and HTS applications, we believe our ELEVATE™, Heights™ and UHP networking platforms, and our solid-state amplifiers and our X/Y antennas will ultimately be incorporated into many new installations and equipment upgrades. We continue to provide modems and amplifiers to existing LEO and MEO communications satellite providers and expect to see growth in imaging satellites alongside commercial imaging constellations, including conventional, thermal and hyperspectral.
- **Satellite-Based Cellular Backhaul:** Demand for satellite-based cellular backhaul services is anticipated to grow rapidly as a result of the increased penetration of smart cellular phones and network upgrades to 4G and 5G in developing regions of the world. Ultimately, as 5G services continue to be deployed, we expect that mobile data services will become more critical. As mobile data penetration expands and mobile data consumption increases, wireless carriers must invest in their mobile network infrastructures, and we believe businesses will require back-up communications. In developing regions of the world, and in remote areas where terrestrial network infrastructure is lacking (or where challenging geography prohibits it), wireless network operators often backhaul, or transport, their wireless data traffic using satellite-based networking technologies. Comtech is well positioned to serve the high-performance, high availability needs of satellite-based cellular backhaul through sales of our SCPC and TDMA satellite modems as well as our Heights™, ELEVATE™ and UHP networking platforms.
- **Troposcatter Family of Systems:** U.S. and allied defense strategies are shifting focus to threats from organized, better equipped and higher technology adversaries, placing a premium on sophisticated communications technology from trusted, onshore providers. Comtech's Troposcatter Family of Systems ("FoS") delivers a next-generation, software-defined solution that represents a thousand-fold performance increase over prior generations of equipment. Further, constant innovation means Comtech's latest generation of equipment can be packed into two small cases, offering significant mobility improvements. Our next-generation troposcatter terminals have been chosen by the U.S. Army, the U.S. Marines and defense organizations overseas to support the tactical communications requirements of our allies. Additionally, we see multiple opportunities for non-defense applications, including oil and gas, utility, marine and rail industry use.

• **Government Satellite and Military Space Communications: Customer Base**

Our customer base for the Satellite Communications: Government users rely on high-speed connectivity and Space Communications segment comprises numerous governments and companies worldwide with whom we have longstanding relationships, including leading system and network suppliers in a variety of conditions throughout the world to provide real time information sharing, including Situational Awareness ("SA"), dissemination of Intelligence, Surveillance, global satellite, mobile cellular, defense, broadcast and Reconnaissance ("ISR") information, and communications. Our communications solutions provide command and control and satellite networking capabilities that support U.S. and allied government initiatives for assured and resilient communications capabilities, aerospace industries, as well as supporting interoperability objectives, including the Joint All Domain Command U.S. federal government (including the U.S. Army, Air Force, Marine Corps and Control ("JADC2") efforts, Navy), U.S. state and local governments and allied foreign governments. Approximately 55.4% of the segment's sales are derived from U.S. government and related agency contracts. Representative customer categories include:

- The U.S. Army, U.S. Marine Corps, U.S. Navy, prime contractors to the U.S. Armed Forces, NATO and foreign governments (i.e., ministries of defense)
- Enterprise Networks Domestic and Internet of Things ("IoT"): Satellite services are increasingly used for Machine-to-Machine data connectivity for both critical infrastructure applications such as utility companies (electrical grid, oil rigs, gas pipelines, water companies) international defense customers, as well as IoT networks. Comtech TDMA equipment is widely used in these applications, where it delivers superior network availability (by making use of geographical hub redundancy prime contractors and other technologies) system suppliers such as General Dynamics Corporation, Lockheed Martin Corporation, L3Harris Technologies, Inc., Northrop Grumman Corporation, Raytheon Technologies Corporation, The Boeing Company and high Quality of Service ("QoS"). ViaSat Inc.
- Geospatial Commercial end-customers also include Claro Argentina, Intelsat S.A., JAXA, NASA, SED Systems (a division of Calian Ltd.), SES S.A. and Earth Observation: Speedcast International Limited
- Led by the need to deliver near real time insights to government Satellite systems integrators, wireless and commercial customers globally, the LEO operated Geospatial other communication service providers, and Earth Observation satellite constellations have a driving need to gain access to their data at speed, broadcasters, such as DIRECTTV Group
- Aviation industry system integrators such as Collins Aerospace, an RTX Business

- Oil companies such as Shell Oil Company and via trusted U.S. providers. We believe Comtech is uniquely positioned to stand on our Geospatial and Earth Observation services on the shoulders of our globally proven technologies to connect critical services for LEO based satellite communications operators. In this way, we are able to position fixed ground services, transportable kits and, by leveraging our partners in EVOKE, data processing and analytics at the edge to support our Geospatial and Earth Observation customers going forward. **PETRONAS**

Terrestrial and Wireless Networks Segment

Overview

Our Terrestrial and Wireless Networks segment is a leading provider of the hardware, software, next generation 911 ("NG-911") infrastructure and solutions critical to any modern 911 public safety for state and mobile network operator ("MNO") infrastructure, as well as for applications services requiring the specific location of a mobile user's geospatial position: local governments and carriers. From the moment a 911 call is made, Comtech provides highly reliable solutions that contribute to emergency calls being processed instantly, with proper routing to first responders. Our solutions include feature-rich data sets (such as: precise location information, route optimization, text messaging, photos and real-time video), putting first responders in the best possible position to make decisions when every second counts. Our customers are the businesses, communities and governments that need to implement and improve 911 infrastructure in the U.S., as well as MNOs in the U.S. and abroad that have a need to determine subscriber location within a network or to facilitate messaging services. According to Frost & Sullivan, a leading third-party research firm, we were the second leading NG-911 primary contract holder at year-end 2022 2023, with an estimated market share of 22.3%. Our direct NG-911 contracts covered 22.1% and a population coverage of over 56 million at the end of 2022, nearly 60 million. We have primary statewide contracts in Arizona, Illinois, Iowa, Massachusetts, Ohio, Pennsylvania, South Carolina and Washington. We hold direct contracts in counties in Texas and Missouri (St. Louis County). As such, we believe that we are a leader in public safety communication and location technologies.

On October 17, 2024, we announced that we are executing a strategy to transform Comtech into a pure-play satellite and space communications company. Ongoing and future actions supporting our transformation strategy include an exploration of strategic alternatives for our Terrestrial and Wireless Networks segment, which is well underway.

The Terrestrial and Wireless Networks segment is organized into three product service areas: Next Generation next generation 911 & Call Delivery, and call delivery, Solacom Call Handling Solutions, call handling solutions and Trusted Location trusted location and Messaging Solutions.

messaging solutions.

Next Generation 911 & and Call Delivery

In addition to 911 call routing, we provide systems integration, geospatial location information, satellite and location infrastructure terminals, and linkage to NG-911 Emergency Services IP Networks ("ESInet"). We also offer what we believe are best-in-class 911 call handling solutions under the Solacom brand name. We believe state and local governments need to upgrade existing legacy networks, location technologies, and call handling systems to modern NG-911 systems infrastructure, including 911 text messaging services, advanced data, real-time photos, and other types of information sharing over IP networks.

67

As the U.S., Canada and Canada Australia broadly adopt upgraded NG-911 and call handling solutions, we believe that other countries will follow similar technology and telecommunications advancements. Comtech's public safety and location technology solutions have been deployed since 2006 and are utilized by domestic MNOs, as well as internationally, to provide reliable device location determination for public safety and commercial applications. Many of our technologies, such as positioning, mapping and text messaging are embedded in our public safety and location offerings to help address mapping, routing and geolocations. Our solutions address Federal Communications Commission ("FCC") mandates for emergency services as they relate to location delivery by supporting precise caller location. Our text messaging platforms are used by wireless carriers to provide short messaging services ("SMS") to their end-customers as well as being used to communicate with 911 public safety answering points ("PSAPs").

Solacom Call Handling Solutions

We offer what we believe Solacom Guardian is a best-in-class our state-of-the-art call handling solution, marketed under the Solacom Guardian brand name, which provides an integrated call and text-to-and-from 911 solution on a unified platform. The solution provides a flexible user interface, adapts to varying customer environments and preferences, provides powerful call conferencing capabilities, enhanced reporting capabilities and offers geospatial 911 location call display directly from a customized map. Because of its advanced features, it allows us to offer an immediate upgrade path to existing and new customers and has expanded our presence in the public safety solutions market with more than 700 PSAPs and emergency call centers installed in 5 countries.

The Guardian platform includes an integrated cloud-based texting solution ("Guardian Messenger") which provides call takers / dispatchers with the ability to collect, process and share previously unavailable live incident information such as text, photos, and video via SMS and multimedia messaging services ("MMS"), from one integrated desktop. The Guardian platform also offers a cloud-based reporting and analytics solution ("Guardian Insights"), designed to assist emergency call center directors to know their operations, so they can better plan and manage resources and workloads.

We are investing in product enhancements for our Guardian platform, including which include additional cloud-based capabilities, analytics, and cyber security solutions. We have significantly increased our "911-as-a-Service" ("911aaS") offering, deploying hosted 911 call centers solutions across numerous states and regions in the U.S. and provinces in Canada, Canada, starting with locations where we have existing NG-911 networks.

Trusted Location and Messaging Solutions

We believe that as the industry moves toward digital transformation, customers will be looking for situational awareness solutions that are built on top of mapping and geo-services. Our location technology solutions enable the determination of a mobile phone's device's geospatial position in a variety of environments, leveraging a wide range of signals including Global Positioning System ("GPS"), Global Navigation Satellite Systems ("GNSS") and multiple cellular positioning technologies ranging from 2G through 5G mobile networks. For our installed base of systems, we provide ongoing operational support, including administration of system components, system optimization, configuration management and maintenance services, including tracking customer support issues, troubleshooting and developing and installing maintenance releases.

Our Location Studio™ platform enables customers, particularly public safety agencies, to build their own applications with end-user functionality, such as maps, search, geocoding, routing, and navigation, using their own brand. We believe that customers and prospects are increasingly looking for alternatives to mapping services that are subject to change by the provider, and which meet market privacy and security requirements. The Location Studio™ platform is a complete end-to-end location application consisting of maps, map data, including our Trusted OpenStreetMap ("TOSM") geo-services, application program interfaces ("APIs") and software development kits ("SDKs") enabling public safety ecosystems and enterprises to customize unique mapping applications. Map data includes positioning, search, enhanced local content, custom maps, navigation, geo-fencing, tracking integrated with third party data sources like camera feeds and IoT sensor data via cross-platform APIs and SDKs supporting all leading operating systems.

In fiscal 2022, we recently began marketing SmartResponse™, a newly developed cloud-based solution that offers a common operational picture to PSAPs and first responders, enabling an effective data-driven response for security agencies and first responders by providing a holistic information environment for them. This new solution offers streaming live feeds from traffic cameras at and near incident location, and accesses caller information like past residences, criminal history, or next-of-kin information at the tap of a button. Offering a bird's-eye view of integrated data, the SmartResponse™ solution empowers first responders to ensure appropriate resources are on the scene and to better serve the public in emergency situations.

78

Terrestrial and Wireless Networks: Key Markets and Growth Drivers

We are a leading provider of modern public safety and location technologies. Our next generation solutions enable rich, multimedia information to be delivered alongside 911 calls. Also, our E911 and NG-911 call routing solutions allow cellular carriers and voice over the Internet ("VoIP") carriers, as well as legacy telecommunications carriers, to deliver emergency calls to public safety emergency call centers nationwide. When someone places an emergency call, our technologies identify the call as an emergency call, access the user's location information from the wireless or VoIP networks and location databases, and route the call to the assigned public safety jurisdiction. Today, we provide public safety and location technologies to many U.S. telecommunication carriers, the largest being Verizon (for which we provide 911 call routing via cellular service). We believe we service a significant portion of the carrier market for 911 cellular call routing applications, along with one other leading competitor.

In addition to our growth in core 911 services, the expected expansion of 988 networks in fiscal 2024 and beyond across the United States is expected to have a positive impact on our business. 988 services provide free and confidential support for people in distress, suicide prevention and crisis resources. We believe Comtech is uniquely positioned to expand our 911 services into 988 services and help mitigate some of the core challenges the network is currently experiencing with area code specific call routing. By connecting the 988 services with Comtech's existing proven 911 infrastructure, we believe that location services critical to dispatch personnel can be improved for 988 exponentially.

In the growth area of 5G networks, new network-based positioning technologies are poised to deliver opportunities thanks to the ongoing digital transformation of multiple industry verticals, including the Public Safety, Transportation, Manufacturing, Healthcare and Retail industries. As these industries increasingly rely on data from connected devices, using location information in real-time is expected to enhance existing business processes and outcomes as well as end user experiences. We believe end-market applications such as worker's safety in high-risk areas, smart manufacturing and autonomous driving would benefit enormously from new precision-positioning techniques. Also, MNOs can now provide even more advanced location-based services, in addition to existing connectivity solutions.

Examples of end-market applications that are driving long-term demand for our Terrestrial and Wireless Networks technologies include:

- **Our XyPoint® Mobile Location Platform:** Provided to MNOs globally, our virtualized location-based services ("LBS") platform is a high availability robust solution with multiple positioning technologies, that allows authorized users to locate and track specific mobile devices and monitor specific areas of interest. MNOs can use this platform for location accuracy to support a wide variety of use cases, including public safety, location intelligence, network optimization and big data analytics. On the legacy front, our LBS platform is compatible within 2G through 4G wireless networks, as well as an enabler to the MNOs to seamlessly migrate to cloud native environments, as they progress their migrations to 5G.
- **Comtech INSIGHTS™ LightSource™:** Provides first responders a reporting and analytics platform for the rich data created in Comtech's NG-911 core systems. Authorized users at state, regional, and jurisdiction organizations can see reports and analysis of call, behavior, and location characteristics in both time and geospatial visualizations. Users are able to interact directly with the visualization in real time to focus on desired characteristics to include timeframes, call types, media types, and other information. Authorized users can also schedule reports for automatic delivery via email.

- **Comtech INSIGHTS™ SmartResponse™ INSIGHTS SmartResponse®:** Provides first responders of all types (fire, police, medical, state, regional emergency communications centers, dispatch centers, emergency management agencies, fusion cells, intelligence centers, etc.) access to real-time 911 call information and related supplemental information for situational awareness in a geospatial, mapped context. Authorized users can view 911 calls and emergency response vehicles/assets in a 3-D map via a single pane of glass view to enhance response. SmartResponse™ SmartResponse® is available for use in both emergency centers and response vehicles.

- **Wireless Emergency Alerts ("WEA"):** WEA, also known as Commercial Mobile Alerts System ("CMAS") in the U.S., enable authorized officials to inform the public about life-threatening events by automatically delivering emergency alerts to mobile devices (including roaming users) via the government alert gateway. Using standardized infrastructure, ensuring compliance with government regulations globally, our patented technology facilitates the origination and accurate delivery of geo-targeted emergency alerts, empowering emergency services providers to better serve the public. Using this technology, for example, MNOs can quickly broadcast emergency communications, such as severe weather alerts, to all devices in a specific geographical area.

Synergies: Opportunities in Convergence Terrestrial and Wireless Networks: Customer Base

We believe that significant advances in technology have been driving a convergence across multiple aspects of Our customer base for the Terrestrial and Wireless Networks market segment serves numerous customers, primarily in North America and the Satellite and Space Communications market. We believe Australia, with whom we have an advantage in having identified this convergence, cultivated longstanding relationships, including state and in combining our native expertise in both to develop innovative new products and solutions to meet growing customer demands. Broadly, the increasing digitalization of people and businesses, and the ongoing migration to the cloud, means a growing reliance on communications and connectivity, local governments, and a corresponding increase number of the largest telecommunication companies in the volumes of data transmission. We believe this is a long-term secular opportunity for Comtech given our market-leading positions in, and understanding of, these fast-evolving markets. Representative customer categories include:

We are watching in real-time as the once clear line separating terrestrial and non-terrestrial communications networks is dissolving. The need for connectivity (more precisely: constant, reliable connectivity) is growing on a worldwide basis. People, devices, and machines need constant connectivity, regardless of whether they are proximate to a cellular tower. Because of this, satellite communications are increasingly bridging gaps created by challenging geographies, failure of a terrestrial infrastructure due to natural disasters, or a lack of terrestrial infrastructure altogether. Comtech is increasingly delivering solutions to companies and countries seeking to bridge these gaps, whether across legacy 4G networks, or through the introduction of 5G networks, as operators seek ways to optimize implementation, control costs, and mitigate security risks. We expect the convergence of terrestrial and non-terrestrial networks to continue, leveraging the increasing numbers and density of satellite constellations to meet the growing terrestrial demand to connect and move more data, more quickly, reliably, and efficiently than ever. For critical networks such as those for first responders, defense or intelligence users having the resiliency and redundancy of both a terrestrial/wireless backbone and a satellite communications layer increases the opportunity for always-on, always-available connectivity. Comtech is uniquely positioned to expand into this area.

Our Diverse Global Customer Base

We have established long-standing relationships with thousands of customers worldwide, including leading system and network suppliers in the global satellite, mobile cellular, defense, broadcast and aerospace industries, as well as the U.S. federal government (including the U.S. Army, Air Force, Marine Corps, and Navy), U.S. state and local governments, such as the Commonwealth of Massachusetts, the Commonwealth of Pennsylvania and foreign governments. Our global Satellite the states of Arizona, Iowa, Maine, Ohio, South Carolina, Washington, St. Louis County, MO and Space the North Central Texas Emergency Communications and Terrestrial and Wireless Networks customers are increasingly seeking integrated solutions to meet their operational needs. We believe that our customers recognize our ability to develop improved technologies and to meet stringent program requirements. We hold prime positions on several key contracts and have had a long history of servicing key programs. A table illustrating representative customers is provided below.

- End-customers also include AT&T Inc., Comcast Corporation, Nokia Corporation, T-Mobile USA, Inc. and Verizon Communications Inc.

Satellite and Space Communications Segment Representative Customers	Terrestrial and Wireless Networks Segment Representative Customers
<p>Satellite systems integrators, wireless and other communication service providers, and broadcasters, such as DIRECTTV Group</p> <p>U.S. Army, the U.S. Marine Corps, the U.S. Navy, prime contractors to the U.S. Armed Forces, NATO and foreign governments (i.e., ministries of defense)</p> <p>Domestic and international defense customers, as well as prime contractors and system suppliers such as General Dynamics Corporation, Lockheed Martin Corporation, L3Harris Technologies, Inc., Northrop Grumman Corporation, Raytheon Technologies Corporation, Telephonics Corporation, The Boeing Company and ViaSat Inc.</p> <p>Medical equipment companies, such as Varian Medical Systems, Inc., and aviation industry system integrators such as Collins Aerospace (a subsidiary of Raytheon Technologies Corporation)</p> <p>End-customers also include China Mobile Limited, Claro Argentina, Intelsat S.A., JAXA, NASA, SED Systems (a division of Calian Ltd.), SES S.A. and Speedcast International Limited</p> <p>Oil companies such as Shell Oil Company and PETRONAS</p>	<p>U.S. state and local governments, such as the Commonwealth of Massachusetts, the Commonwealth of Pennsylvania and the states of Arizona, Iowa, Maine, Ohio, New Hampshire, South Carolina, Vermont and Washington</p> <p>End-customers also include AT&T Inc., Lumen Technologies, Inc. (formerly CenturyLink, Inc.), Comcast Corporation, Nokia Corporation, T-Mobile USA, Inc. and Verizon Communications Inc.</p> <ul style="list-style-type: none"> Different solutions deployed with telephone companies and federal, provincial, and local governments in Australia, Canada, Cayman Islands and New Zealand

Business Results and Challenges: Overview

In fiscal 2023, we achieved consolidated net sales of \$550.0 million and Adjusted EBITDA of \$53.5 million.

As more fully described elsewhere in this Form 10-K, in Our fiscal 2023 we navigated the challenges of operating our global business during a period where business conditions continue to be challenging, 2024 performance and the operating environment is largely unpredictable, including factors such as inflation, rising interest rates, the repercussions of the military conflict between Russia and Ukraine and a potential global recession. Order and production delays, disruptions in component availability, increased pricing both outlook for labor and parts, lower levels of factory utilization and higher logistics and operational costs fiscal 2025 are also continuing to impact our business. Nevertheless, despite these business conditions and resulting challenges and although we anticipate some variability from time to time as we move through our One Comtech transformational change, we believe as the global economy continues to recover, our business performance in future periods will continue to improve from current levels.

Our Business Outlook for Fiscal 2024 is discussed further in Part II – “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Fiscal 2024 Highlights and Business Outlook for Fiscal 2024/2025.” For a definition and explanation of Adjusted EBITDA, see Part II – “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Comparison of Fiscal 2023/2024 and 2022/2023 – Adjusted EBITDA.”

More Information and Where to Find It

Our Internet website is www.comtech.com, at which you can find our filings with the Securities and Exchange Commission (“SEC”), including investor letters, press releases, annual reports, quarterly reports, current reports, and any amendments to those filings. We also make announcements regarding company developments and financial and operating performance through our blog, Signals, at www.comtech.com/signals. We also use our website to disseminate other material information to our investors (on the Home Page and in the “Investor Relations” section). Among other things, we post on our website our press releases and information about our public conference calls (including the scheduled dates, times and the methods by which investors and others can listen to those calls), and we make available for replay webcasts of those calls and other presentations for a limited time.

We also use social media channels to communicate with customers and the public about our Company, our products, services, and other issues, and we use social media and the Internet to communicate with investors, including information about our stockholder meetings. Information and updates about our Annual Meetings will continue to be posted on our website at www.comtech.com in the “Investors” section.

None of the information on our website, blog or any other website identified herein is incorporated by reference in this annual report Form 10-K and such information should not be considered a part of this annual report Form 10-K.

Acquisitions Strategic Transformation

In order to position ourselves to take advantage of additional growth opportunities and meet our strategic objectives, we have followed, and will continue to follow, a disciplined approach in identifying, executing and capitalizing on acquisitions and divestitures of businesses and enabling technologies. Material acquisitions and divestitures in the recent past several years include:

On March 2, 2021 November 7, 2023, we completed the divestiture of our acquisition of UHP Networks Inc. (“UHP”), a leading provider of innovative solid-state RF microwave high power amplifiers and disruptive satellite ground station technology solutions. With end-markets for high-speed satellite-based networks anticipated to significantly grow, our

acquisition allows us to enhance our offerings with TDMA satellite modems. The aggregate purchase price for accounting purposes for the acquisition of UHP control components product line, which was \$37.5 million and UHP was fully integrated into included in our Satellite and Space Communications segment, pursuant to a stock sale agreement entered into on October 11, 2023 (the "PST Divestiture"). Net proceeds from the PST Divestiture in fiscal 2024 were \$33.2 million and used in part to repay a portion of our outstanding debt at the time, as well as to fund working capital needs.

On October 17, 2024, we announced that we are executing a strategy to transform Comtech into a pure-play satellite and space communications company. Ongoing and future actions supporting our transformation strategy include: an exploration of strategic alternatives for our Terrestrial and Wireless Networks segment, which is well underway; the pursuit of further portfolio-shaping opportunities to enhance profitability, efficiency and focus; and the implementation of additional operational initiatives to both achieve profitable results from operations as well as to align our go-forward cost structure with a pure-play focus on satellite and space communications. In connection with this transformation strategy, we have also undertaken a detailed evaluation of our Satellite and Space Communications segment's product portfolio to identify opportunities to divest, separate and/or rationalize businesses or facilities that are not core to our go-forward focus. Consistent with this effort, in our fourth quarter of fiscal 2024, we made the decision to exit our operations in Basingstoke, United Kingdom. Such operations were established in connection with the prior management team's fiscal 2020 acquisition of CGC Technology Limited, which primarily served customers in Europe. Following the acquisition, Comtech continued to invest in the Basingstoke facility to advance LEO constellation-based antenna technologies in anticipation of significant production orders. Taking into consideration the significant ongoing investment as well as unfavorable contract terms on prospective antenna sales, we concluded such operations would not generate an attractive return on invested capital and made the decision to exit these operations. Furthermore, over the past several months, we have conducted an intensive review of our product portfolio to focus future investment on our most strategic, high-margin revenue opportunities within the Satellite and Space Communications segment. There can be no assurance that the exploration of strategic alternatives will result in a transaction or other strategic changes or outcomes. While anticipated to improve our profitability in future periods, such actions may result in near-term restructuring charges.

Sales, Marketing and Customer Support

Sales and marketing strategies include direct sales through sales, marketing and engineering personnel, indirect sales through independent representatives, value-added resellers, and sales through a combination of the foregoing. We devote resources to evaluating and responding to requests for proposals by governmental agencies around the world and, as needed, we employ the use of specialized consultants to develop our proposals and bids.

We intend to continue to expand international marketing efforts, as needed, by engaging additional independent sales representatives, distributors and value-added resellers and by establishing foreign sales offices. In addition, we expect to leverage our relationships with larger companies (such as prime contractors to the U.S. government and large mobile wireless operators) to market our technology solutions. In fiscal 2024, 2025, we expect to continue expanding our social media and Internet presence and further developing an updated marketing and branding strategy.

We are pre-qualified as an approved vendor for certain government contracts. We collaborate in sales efforts under various arrangements with integrators. Our marketing efforts also include advertising, public relations, speaking engagements and attending and sponsoring industry conferences.

Our management, technical and marketing personnel establish and maintain relationships with customers. Our sales strategies include a commitment to providing ongoing customer support for our systems and equipment. This support involves providing direct access to engineering staff or trained technical representatives to resolve technical or operational issues.

Our products and services in many of our product lines have long sales cycles. Once a product is designed into a system, customers may be reluctant to change the incumbent supplier due to the extensive qualification process and potential redesign required in using alternative sources. In addition, in recent years, we have found that overall sales cycles for each of our product lines have significantly increased, increased, as we continue to support our customer's overall migration and upgrade to newer designs and technologies.

11

Sales by geography and customer type, as a percentage of related net sales, are as follows:

		Fiscal Years Ended July 31,									Fiscal Years Ended July 31,						2024		2023		2022		2024		2023		2022																				
		2023			2022			2021			2023			2022			2021			2024		2023		2022		2024		2023		2022																	
		Satellite and Space Communications			Terrestrial and Wireless Networks			Consolidated			Satellite and Space Communications			Terrestrial and Wireless Networks			Consolidated			Satellite and Space Communications		Terrestrial and Wireless Networks		Satellite and Space Communications		Terrestrial and Wireless Networks		Consolidated																			
U.S.	U.S. government	49.9 %	45.6 %	52.8 %	1.7 %	2.4 %	1.4 %	31.3 %	27.2 %	34.6 %	government	55.4 %	49.9 %	45.6 %	1.1 %	1.7 %	2.4 %	U.S.	55.4 %	49.9 %	45.6 %	1.1 %	1.7 %	2.4 %	U.S.	55.4 %	49.9 %	45.6 %	1.1 %	1.7 %	2.4 %																
Domestic	Domestic	16.7 %	18.0 %	15.3 %	89.2 %	88.1 %	89.2 %	44.7 %	47.8 %	41.5 %	Domestic	15.1 %	16.7 %	18.0 %	89.4 %	89.2 %	88.1 %	International	33.4 %	36.4 %	31.9 %	9.1 %	9.5 %	9.4 %	24.0 %	25.0 %	23.9 %	International	33.4 %	36.4 %	31.9 %	9.1 %	9.5 %	9.4 %	24.0 %	25.0 %	23.9 %	International	33.4 %	36.4 %	31.9 %	9.1 %	9.5 %	9.4 %	24.0 %	25.0 %	23.9 %
Total U.S.	Total U.S.	66.6 %	63.6 %	68.1 %	90.9 %	90.5 %	90.6 %	76.0 %	75.0 %	76.1 %	Total U.S.	70.5 %	66.6 %	63.6 %	90.5 %	90.9 %	90.5 %	International	33.4 %	36.4 %	31.9 %	9.1 %	9.5 %	9.4 %	24.0 %	25.0 %	23.9 %	International	33.4 %	36.4 %	31.9 %	9.1 %	9.5 %	9.4 %	24.0 %	25.0 %	23.9 %	International	33.4 %	36.4 %	31.9 %	9.1 %	9.5 %	9.4 %	24.0 %	25.0 %	23.9 %

International												29.5 %	33.4 %	36.4 %	9.5 %	9.1 %	9.5 %
Total	Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Sales to U.S. government customers include sales to the DoD, intelligence and civilian agencies, as well as sales directly to or through prime contractors.

11

Domestic sales include sales to commercial customers, as well as to U.S. state and local governments. **Included** For fiscal 2024, except for the U.S. government, there were no customers that represented more than 10% of consolidated net sales. For fiscal 2023 and 2022, included in domestic sales are sales to Verizon Communications Inc. ("Verizon"), which **represented** were 10.6% and 11.1% and 10.7% of consolidated net sales, for fiscal 2023, 2022 and 2021, respectively. **Except for the U.S. government and Verizon, there were no other customers that represented more than 10.0% of consolidated net sales during fiscal 2023, 2022 and 2021.**

International sales for fiscal 2024, 2023 2022 and 2021 2022 (which include sales to U.S. domestic companies for inclusion in products that are sold to international customers) were \$132.1 million \$115.9 million, \$121.4 million \$132.1 million and \$138.9 million \$121.4 million, respectively. When we sell internationally, we denominate most of our contracts in U.S. dollars. Some of our sales to international customers are paid for by letters of credit or on an open account. From time to time, some of our international customers may require us to provide performance guarantees.

Except for the U.S., no individual country (including sales to U.S. domestic companies for inclusion in products that are sold to a foreign country) represented more than 10% of consolidated net sales for fiscal 2024, 2023 2022 and 2021 2022.

Backlog

Our backlog as of July 31, 2023 July 31, 2024 was \$662.2 million \$798.9 million (of which \$293.4 million \$278.9 million was attributed to the Satellite and Space Communications segment and \$368.8 million \$520.0 million was attributed to the Terrestrial and Wireless Networks segment). Such amount represented a new record level of consolidated backlog for our Company. We estimate that a substantial portion of the backlog as of July 31, 2023 July 31, 2024 will be recognized as sales during the next twenty-four month period, with the rest thereafter. Such estimate could be impacted by our transformation strategy discussed above, under the section "Strategic Transformation."

At July 31, 2023 July 31, 2024, 57.2% 66.6% of our backlog consisted of orders for use by U.S. commercial customers, 27.0% 18.8% consisted of U.S. government contracts, subcontracts and government funded programs and 15.8% 14.6% consisted of orders for use by international customers (including sales to U.S. domestic companies for inclusion in products that will be sold to international customers).

Our backlog is defined as orders (sometimes also referred to herein as bookings) that we believe to be firm. Backlog that is derived from U.S. government orders relates to U.S. government contracts that have been awarded, signed and funded. Backlog for our U.S. government customers also includes amounts appropriated by Congress and allotted to the contract by the procuring government agency. **Our Such** backlog does not include the value of options that may be exercised in the future on multi-year contracts, nor does it include the value of additional purchase orders that we may receive under indefinite delivery/indefinite quantity ("IDIQ") contracts or basic ordering agreements. In some cases, such as contracts received from large U.S. based telecommunication companies, our backlog may include the value of customer authorizations to proceed or may be computed by multiplying the most recent month's contract or revenue by the months remaining under the existing long-term agreements, which we consider to be the best available information for anticipating revenue under those agreements. When we acquire a company with existing contracts, we only record bookings for those contracts that meet our definition. Almost all of the contracts in our backlog (including firm orders previously received from the U.S. government) are subject to modification, cancellation at the convenience of the customer, or for default in the event that we are unable to perform under the contract.

Please see "Strategic Transformation" section discussed above, as well as Item 1A – "Risk Factors" under Part I of this Form 10-K for more information about risks pertaining to recognition of our backlog.

12

A significant portion of the backlog from our U.S. commercial customers relates to large, multi-year contracts to provide state and local governments (and their agencies) with 911 public safety and location technology solutions. Although the contracts themselves represent legal, binding obligations of these governments, funding is often subject to the approval of budgets (for example, on an annual or bi-annual basis). Although funding for these multi-year contracts is dependent on future budgets being approved, we include the full estimated value of these large, multi-year contracts in our backlog given the critical nature of the services being provided and the positive historical experience of our state and local government customers passing their respective budgets.

12

There can be no assurance that our backlog will result in actual revenue in any particular period, or at all, or that any contract included in backlog will be profitable. There is a higher degree of risk in this regard with respect to unfunded backlog. The actual amount and timing of any revenue is subject to various contingencies, many of which are beyond our control. The actual recognition of revenue on contracts included in backlog may never occur or may change because a program schedule could change, a customer may not follow up with order details (e.g., delivery instructions), fluctuations in currency exchange rates after an order is placed could cause our products to become too expensive for a foreign customer, a customer's program could be canceled, a contract could be reduced, modified or terminated early due to changes in a customer's priorities, funding may not be included in future budgets, actual indirect rates being reimbursed on U.S. government contracts may ultimately be less than those indirect rates included in our initial proposals, or an option that we had assumed would be exercised is not exercised. As a result of these contingencies, we may adjust our backlog if we determine that such orders are no longer firm and/or funded. In addition to adjustments from these types of contingencies, variations in backlog from time to time are attributable, in part, to changes in sales mix, the timing of contract proposals, the timing of contract awards, delivery schedules on specific contracts, and new bookings obtained through acquisitions, acquisitions or reductions due to divestitures or other restructuring type activities. A large majority of the solutions in our satellite ground station infrastructure technologies product line within our Satellite and Space Communications segment operate under short lead times. Backlog in both our Satellite and Space Communications segment and Terrestrial and Wireless Networks segment and has been, and could be, highly influenced by the nature and timing of orders received from federal, state and local governments and defense-related agencies, causing such orders to be subject to unpredictable funding, deployment and technology decisions by such customers. As a result, we believe our backlog and orders, at any point in time, are not necessarily indicative of the total sales anticipated for any future period.

Research and Development

We have established leading technology positions in our fields through internal and customer-funded research and development activities.

Internal research and development expenses are reported as research and development expenses for financial reporting purposes and were \$48.6 million \$24.1 million, \$52.5 million \$48.6 million and \$49.1 million \$52.5 million in fiscal 2024, 2023 2022 and 2021, 2022, respectively, representing 8.8% 4.5%, 10.8% 8.8% and 8.4% 10.8% of total consolidated net sales, respectively, for these periods. Customer-funded research and development activities relate to the adaptation of our basic technology to specialized customer requirements which is recoverable under contracts and is reflected in net sales with the related costs included in cost of sales. Certain of our government customers also contract with us from time to time to conduct research on telecommunications software, equipment and systems. During fiscal 2024, 2023 2022 and 2021, 2022, we were reimbursed by customers for such activities in the amounts of \$14.0 million \$18.9 million, \$9.8 million \$14.0 million and \$13.6 million \$9.8 million, respectively.

In addition to the recent increases in customer-funded research and development activities, in fiscal 2024, we also experienced an increase in engineering efforts related to cost to fulfill contract assets and internal use software, for which we capitalized \$2.9 million and \$3.8 million, respectively. As a result of these trends and the impact of prior reductions in force announced in fiscal 2023, our research and development expenses for financial reporting purposes significantly decreased in fiscal 2024 as compared to historical periods.

During fiscal 2024, 2023 2022 and 2021, 2022, we incurred \$3.8 million \$4.1 million, \$1.2 million \$3.8 million and \$0.3 million \$1.2 million, respectively, of strategic emerging technology costs for next-generation satellite technology to advance our solutions offerings to be used with new broadband satellite constellations. A significant portion of the fiscal 2024 costs related to our steerable antenna operations in Basingstoke, United Kingdom, which we decided to exit in the fourth quarter of fiscal 2024, as discussed above in the section "Strategic Transformation." We are evaluating this new market in relation to our long-term business strategies, and expect to incur additional costs in fiscal 2024, 2025. However, such costs will be reported in the future as part of our ongoing research and development activities and not added back to our Adjusted EBITDA.

13

Intellectual Property

We rely upon trade secrets, technical know-how, continuing technological innovation and, with respect to certain key technologies, patents to develop and maintain our competitive position. The products we sell require significant engineering design and manufacturing expertise. For technological capabilities that are not protected by patents or licenses, we generally rely on the expertise of our employees and our learned experiences in both the design and manufacture of our products and the delivery of our services.

Some of our key Satellite and Space Communications segment technology is protected by patents that are significant to protecting our proprietary technology. We have been issued several U.S. patents relating to forward error correction technology that is utilized in our TPC-enabled satellite modems. Due to our market leadership position, we do not expect that upon expiration of these patents, our future results will be negatively impacted.

We have a portfolio of several hundred patents worldwide relating to wireless location services, text messaging, GPS ephemeris data, emergency public safety data routing, electronic commerce and other areas. To-date, our strategy has been to avoid offensive and defensive patent litigation and focus on building meaningful partnerships with other companies through direct licensing, cross licensing, and other forms of agreements. We do not believe that any single patent or group of patents, patent application or patent license agreement is material to our operations.

13

We have filed additional patent applications for certain apparatus and processes we believe we have invented covering key features of location services, wireless text alerts, SMS Center, mobile-originated data and E911 network software. There is no assurance that any patent application will result in a patent being issued by the U.S. Patent and Trademark Office or other patent offices, nor is there any guarantee that any issued patent will be valid and enforceable. Additionally, foreign patent rights may or may not be available or pursued in any technology area for which U.S. patent applications have been filed.

Almost all the products and services we sell to the U.S. government include technology and other technical know-how that we have internally developed. In past instances where we have provided government-purpose rights, to our knowledge, the U.S. government has not exercised any of these rights. To the extent that we have provided or will provide government-purpose rights in the future, we believe that given the rapidly changing nature of our technology, our future success will depend primarily on the technical competence and creative skill of our personnel, rather than any contractual protection.

Competition

Our businesses are highly competitive and are characterized by rapid technological change. Some of our competitors are substantially larger, have significantly greater financial, marketing, research and development, technological and operating resources and broader product lines than we have. Other companies are developing new technologies and the shift towards open standards such as IP-based satellite networks will likely result in increased competition. A significant technological breakthrough by others, including new companies, our existing competitors and our customers, could have a material adverse effect on our business. Our future success depends on, among other things, our ability to keep pace with such changes and developments and to respond to the increasing variety of electronic equipment users and transmission technologies.

Some large defense-based companies such as Northrop Grumman Corporation, have subsidiaries or divisions that compete against us in one or more business segments. In addition, new and potential competitors are always emerging. Certain of our customers, such as prime contractors who currently outsource their engineering and manufacturing requirements to us, have technological capabilities in our product areas and could choose to replace our products with products they develop. In some cases, we partner or team with companies (both large and mid-tier) to compete against other teams for large defense programs. In some cases, these same companies may be among our competitors.

14

Listed below, in alphabetical order, are some of our competitors in each of our two business segments:

Satellite and Space Communications – ACTIA Group, Advantech Co., Ltd., Aethercomm Inc. (recently acquired (acquired by Frontgrade Technologies, a portfolio company of Veritas Capital)), Agilis Satcom, AMERGINT Technologies, Inc., Amkom Design Group Inc., AnaCom, Inc., Codan Limited, CPI International, Inc. Communications and Power Industries (also referred to as "CPI"), Datum Systems, Inc., dB Control Corp. (a subsidiary of HEICO Corp.), ENENSYS Technologies, ETM Electromatic Inc. (acquired by Teledyne Technologies Inc.), Gilat Satellite Networks Ltd., Empower RF Systems, Inc., General Dynamics Corporation, Hughes Network Systems, LLC (a subsidiary of EchoStar), KVH Industries, Inc., Kratos Defense and Security Solutions (Including Kratos RT Logic and Avtec Systems, Inc.), L3Harris Technologies, Inc., Mission Microwave Technologies, LLC, ND Satcom GmbH, Novelsat LTD, Panasonic Corporation, Paradise Datacom Ltd. (a subsidiary of Teledyne Technologies Incorporated), Raytheon Technologies Corporation, SatixFy Israel Ltd., ST Engineering iDirect, Inc. (including Newtec), Starlink Services, LLC (a wholly owned subsidiary of SpaceX), Terrasat Communications Inc., Trace Systems Inc., TrellisWare Technologies, Inc., Ultra Intelligence and Communications, and ViaSat, Inc.

Terrestrial and Wireless Networks – AT&T Inc., Atos, Bandwidth.com, Carbyne, Central Square Technologies, 8x8, Inc., Everbridge, Inc., Google Inc. (a subsidiary of Alphabet Inc.), Here Technologies, Hexagon AB, Immersive Labs, INdigital (acquired by Novacap), Intersec, Intrado Corporation (formerly West Corporation), LM Ericsson, Lumen Technologies, Inc. (formerly CenturyLink, Inc.), Mobilaris AB, Mobile Arts AB, Motorola Solutions, Inc., NGA911, NextNav, Inc., Nokia Networks (a subsidiary of Nokia Corporation), Polaris Wireless, RapidDeploy, Inc., RapidSOS, Rave Mobile Safety, Sinch AB (Inteliquest), Synergem Technologies, SS8, ThriveDX, TomTom N.V., Versaterm Public Safety Inc., WestTel, and Zetron.

We believe that competition in all our markets is based primarily on technology innovation, product performance, reputation, delivery times, customer support and price. Due to our proprietary know-how, we believe we can develop, produce and deliver products and services on a cost-effective basis faster than many of our competitors.

14

Corporate Responsibility and Sustainability

We recognize the need for driving corporate responsibility within our organization, throughout our supplier network and in our communities. To drive this responsibility, we will continue to target effective corporate governance, ethical behavior in the workplace and social responsibility, while also updating and enhancing this focus with initiatives, such as:

- refreshing the roles and responsibilities of the committees of our Board of Directors, including with the establishment of an Environment, Social and Governance ("ESG") task force supervised by our Board of Directors,
- developing a company-wide People Strategy to foster and promote workplace talent and diversity, and
- organizing a company-wide strategic sourcing group that will be accountable for tracking and driving resource reduction targets, such as resource-efficient manufacturing, reduction of hazardous substances, and take-back, recycling and reuse of products.

Human Capital

Our employees are one of our most valuable assets and we believe our success depends on the talent we attract and retain. Our comprehensive people strategy continues to focus on developing a meaningful plan to enhance our employees' engagement and interests, which is why we make will complement and build on our People Strategy one of our top priorities. strong foundation. We are passionate about building meaningful employee engagement and happiness through a variety of programs, initiatives, and other opportunities that are addressed in our People Strategy. As part of this strategy, we are providing a foundation for a diverse, inclusive and equitable workplace where employees feel they belong, their views are valued, and they are empowered to pursue opportunities they are passionate about. Our People Strategy is also focused on meeting and executing our strategic recruitment initiatives, developing and promoting talent; supporting a competitive benefits program; and wellness programs; and emphasizing the importance of our employees' health, safety and wellness.

Diversity, Equity, Inclusion and Fostering Proactive Belonging

We believe the principle of hospitality acts as a catalyst for fostering a sense of proactive belonging, a key component for achieving a sustainable impact. At the heart of our approach is the intentional act of bringing people together across social, cultural, and experiential gaps. By creating opportunities for provocative thinking and meaningful experiences, we are able to challenge assumptions that disrupt our innate habits of thinking and behaving.

15

We expect our employees and contractors to foster authentic connections, cultivate hospitable spaces, embrace disorienting dilemmas, and emphasize continuous learning. Our policy promotes equal employment opportunities without discrimination or harassment on the basis of race, color, national origin, religion, sex, age, disability, or any other status protected by law. Our Chief People Officer is committed to driving these policies and efforts across the enterprise to cultivate a strong culture of inclusivity.

We value a workforce that is diverse equitable, inclusive workplace is central to our ability to innovate and deliver substantial value for our customers as well as contribute to our future growth and continued success. We encourage employees to be inspired and strive for them to feel like they belong which is communicated through blogs, internal messages, activities, engagement opportunities, and other employee participation initiatives featured on our redesigned company-wide Intranet. We focus on expanding our diverse workforce by reaching thought. To promote this initiative, we reach out to a variety of institutions, promoting the employment of minorities; attending attend recruiting events aimed at attracting talent of diverse heritage various backgrounds and veteran backgrounds; cultures; and considering diversity emphasize creating opportunities of our workforce belonging during our talent, promotion, and succession planning. Through these and other efforts, during fiscal 2023, we successfully launched The Exchange program, which brings women of all ages together to spark new ideas, inspire the next generation of women leaders, and create opportunities for current leaders to learn from future leaders.

Our leadership team also identified several company-wide diversity initiatives such as celebrating Black History Month. One of At least once per month we organize an event or engagement where employees are encouraged to participate to celebrate our key efforts during Black History Month was implementing the first annual Black History Month webinar series, which featured discussions from a diverse set of renowned African American leaders. In addition, we have placed an emphasis on celebrating workforce and recognizing other diversity observances including our communities. Events include Asian American Pacific Islander Heritage Month, International Women's Day, Breast Cancer Awareness Month, and Pride Month, among others. Beyond In fiscal 2024, we emphasized our internal messages commitment to celebrations like Pride Month by featuring a lunch and educational efforts, learn webinar led by one of our Executive Team Leaders who discussed their journey as a member of the LGBTIQA+ community. Each year we encouraged also commemorate "Honor Week" by spotlighting our veteran employees and recognizing their families to participate, celebrate, and showcase their views, culture, and history by sharing their stories and inspirations on our social media channels and our company-wide Intranet. For our Veterans, we celebrated "Honor Week" by recognizing each of the armed forces through various engagement activities. Among other accomplishments. In fiscal 2023 highlights, we launched an annual employee recognition program, which included our "Above and Beyond" award. This employee recognition program aims to showcase and celebrate our employees' volunteerism within their communities and award them for their outstanding efforts. To unify the enterprise and showcase our diverse cultures, 2024, we also created a company-wide cookbook highlighting family recipes from employees around the globe. Ultimately, when unique stories are celebrated, employees feel connected launched our first Employee Resource Group focusing on Women's Leadership to deepen and expand our efforts in meaningful ways and support each other, which can help enhance our company culture and encourage employees to reach their full potential. this space.

Employee Workforce as of July 31, 2023

Women	People of Color	Veterans	People with Disabilities
22%	38%*	10%	5%

Employee workforce consists of the following at July 31, 2024 and 2023:

	2024	2023
Women	24 %	22 %

People of Color*	39 %	38 %
Veterans	12 %	10 %
People with Disabilities	7 %	5 %

*People of Color include employees who identify with any race other than white.

Developing and Retaining Talent

15

Talent Our employees are one of our most valuable assets and we believe our success depends on the talent we attract and retain. Our comprehensive people strategy continues to focus on developing a meaningful plan to enhance our employees' engagement and interests, which will complement and build on our strong foundation.

To meet and execute our strategic business goals, we are focused on sourcing, attracting, and retaining top talent, especially including those with engineering, science, and technical backgrounds. To boost our talent attraction efforts, we partner with local university student organizations, such as Arizona State University, to educate students about our work and to hire interns throughout our organization. This year, our total internship class was comprised of 24 students, up from 12 students in fiscal 2023. We recognize designed our internship program to be a hands-on program that exposes students to a wide variety of activities and reward allows them to learn from real-world projects. All interns are paired with a mentor and are invited to attend weekly lunch and learns to receive insights about our culture and working environment.

We value employee development at all career stages and performance while continually developing, engaging and retaining high-performing employees, levels. We have made significant investments to provide ongoing training and career development opportunities by offering courses on through our online learning management system. We offer job-specific skills training to promote and develop advancement within the organization and to enhance skills. Our Standards of Business Conduct, Cybersecurity, In fiscal 2024 we launched Comtech University through a learning management system that is available year-round for development courses facilitated by a training coordinator. We are developing additional courses focusing on financial, leadership, and Trade lean management skills. We also developed a "Program Management Office" academy for program management employees which includes courses and Foreign Corrupt Practices Act ("FCPA") compliance trainings are also mandatory for our employees, training to become a certified project manager and introduce company-wide best practices and procedures.

16

We are working to build stronger employee engagement through several new initiatives. We believe that strong communication is key to providing the foundation for an engaged workforce. Company news, employee opportunities, company initiatives, and events are communicated through our internal and external blogs and our redesigned company-wide intranet. Since launching our new MyComtech intranet site, we have identified new ways to recognize our employees. We commenced our Meet the Team series profiling one employee each month in a monthly article released on our intranet. Through certain government contracts that the series, employees are able to learn about a fellow team member including their current position, career path, background, and interests outside of work. Mentorship and collegiality are strongly valued at Comtech. We value exceptional employees who make a difference to the communities where we participate in, operate. In addition to spotlighting employee achievements through our communication channels, we partner with our end customers have introduced other initiatives such as awards to provide enlisted, active military personnel (whose service is expected to end within 6 months) onsite training to help them with a successful transition to a civilian life. Also, in an effort to retain motivate and attract new talent, we partner with local universities to hire interns throughout our organization. During fiscal 2023, we launched a robust internship program that assigned impactful projects to interns, partnered them with a mentor, and provided them insight to our culture and leadership team through weekly lunch and learns. recognize employees who go the extra mile.

At July 31, 2023 July 31, 2024, we had 1,718 1,676 employees (including temporary employees and contractors), 1,132 1,048 of whom were engaged in production and production support, 305 337 in research and development and other engineering support and 281 291 in marketing and administrative functions. None of our U.S. based employees are represented by a labor union. Of our 1,718 1,676 employees, 384 345 employees are based outside of the United States, including 123 142 employees in Canada, 120 88 employees in the United Kingdom, and 91 87 employees in India. We believe that our employee relations are good. Subsequent to our fiscal year end, headcount based in the United Kingdom was significantly reduced as a result of our fourth quarter of fiscal 2024 decision to cease operations at such location.

Safety and Wellness

We strive to maintain a robust health, safety and wellness program to ensure a healthy work environment, promote workforce resiliency, and enhance business value. We encourage employee participation to identify opportunities for improvement and review and monitor our performance with safety committees at our local sites. Local safety committees identify safety programs and ensure completion of all training and target learning objectives.

Employee wellness is important to Comtech. All employees and their households have access to an employee assistance program, as well as a health advocate program to help with all aspects of benefits, family life, financial concerns, legal issues and transition to retirement. Assistance is available 365 days per year, 24 hours per day. As part of our budgeted This year employees had an opportunity to participate in wellness fund this year, we provided employees with events as a sun protection kit at the start of the summer season to promote health, safety, and well-being outside of work. company-wide challenge.

We rigorously review our benefit and compensation plans to maintain competitive packages that reflect the wellness needs of our workforce and the marketplace. These programs include 401(k) plans, comprehensive health packages, and welfare benefits, among many others. We support pay equity for all employees within the same geographic area, experience level, and performance standards. This year we also provided enhanced added several new benefits to our employees without increasing employee payroll contributions, including a legal plan and discounted pet insurance.

Environment

Sustainability We are committed to reducing our environmental impact across our value chain, including in the design of our products, operation of our facilities, and procurement of materials. We are also committed to maintaining compliance with the various global environmental regulations that are applicable to our business segments, including with the respect to the waste and emissions generated at our facilities. Our Board of Directors is responsible for the core oversight of our environmental efforts, and the management of climate-related issues is overseen by our Chief Legal Officer.

In September 2023, we completed our first climate change disclosure through CDP, which includes a baseline greenhouse gas inventory for company-wide Scope 1 and 2 emissions. In fiscal 2024, we completed our second Greenhouse Gas ("GHG") inventory. Having established a foundation, we are as a company working to build on our environmental strategy and implementing a comprehensive sustainability strategy remains one of our top priorities. As we continue to move forward with our One Comtech transformation, we are enhancing sustainable operations across the enterprise. In July 2023, we selected a solution provider for carbon accounting software and services to enable us to quantify, monitor, and manage the carbon footprint of our operations, and use data-based decision-making to develop targeted carbon reduction projects. initiatives.

We seek to increase efficient usage of our operations in Arizona by completing the relocation building space, respond to our new 146,000 square foot facility in Chandler, Arizona increased work-from-home and exiting three buildings in Tempe, Arizona. Though the facility in Chandler, Arizona provides additional reduced requirements for office space, energy use for the facility is expected to be approximately twenty percent less than our prior buildings in Tempe, Arizona. This reduction is attributable in part to the newer building, LED lighting upgrades, and some newer equipment. Additionally, a diesel-fueled generator is no longer required for back-up power, as the Chandler, Arizona facility has redundant power sources via connection to two electrical substations.

encourage reduced employee commuting. We offer our employees incentives to promote greener commuting options such as company-sponsored mass transit cards and through rideshare programs. Where appropriate, we also consider work from home arrangements to eliminate commuting altogether. In

16

fiscal 2023, we celebrated Earth Day in our company by encouraging our global employees to participate in environmentally-focused initiatives and then share their activities on social media.

We are developing a company-wide Environmental, Health, and Safety ("EHS") Management System to foster a culture of continuous improvement and to engage employees at all levels of the organization in the prevention of work-related injuries and illnesses, and minimization of environmental impacts. We are committed to providing a workplace which values the health, safety, and well-being of our employees, contractors, and visitors to our facilities, complying with Environment, Health and Safety ("EHS") legal requirements, and minimizing EHS risk. In fiscal 2024, we developed a comprehensive EHS Management System ("EHSMS"), designed to align with the core elements of international standards for environmental and occupational health and safety management systems, while placing a risk-based focus on the elements most relevant to our operations. The EHSMS has the goals of engaging employees at all levels of the organization in the prevention of work-related injuries and illnesses, reducing environmental impacts, and fostering a culture of continuous improvement.

17

U.S. Government Contracts and Security Clearances

The U.S. government operates on an October-to-September fiscal year. Generally, in February of each year, the President of the United States presents to the U.S. Congress ("Congress") the proposed budget for the upcoming fiscal year and from February through September of each year, the appropriations and authorization committees of Congress review the President's budget proposals and establish the funding levels for the upcoming fiscal year. Once these levels are enacted into law, the Executive Office of the President administers the funds to the agencies. Thereafter, we can receive orders pursuant to sole-source or competitively awarded contracts, which we describe below.

The U.S. government may be unable to complete its budget process before the end of any given government fiscal year and when the fiscal budget is not approved in a timely manner, the U.S. government is required either to shut down or be funded pursuant to a "continuing resolution" that authorizes agencies of the U.S. government to continue operations but does not authorize new spending initiatives, either of which could result in reduced or delayed orders or payments for products and services we provide.

Sole-source contracts are generally awarded to a single contractor without a formal competition when a single contractor is deemed to have an expertise or technology superior to that of competing contractors or when there is an urgent need by the U.S. government that cannot wait for a full competitive process. Potential suppliers compete informally through research and development and marketing efforts. Competitively-bid contracts are awarded based on a formal proposal evaluation established by the procuring agency and interested contractors prepare bids. Competitively-bid contracts are awarded after a formal bid and proposal competition among suppliers.

The U.S. government has a stated policy direction to reduce the number of sole-source contract awards across all procuring agencies. In addition, the U.S. government is increasing the use of multiple-award IDIQ contracts to increase its procurement options. IDIQ contracts allow the U.S. government to select a group of eligible contractors for the same program. When the government awards IDIQ contracts to multiple bidders under the same program, a company that has already competed to be selected as a participant in the program must subsequently compete for individual delivery orders. As a result of this U.S. government shift toward multiple award IDIQ contracts, we expect to face greater competition for future U.S. government contracts and, at the same time, greater opportunities for us to participate in program areas that we do not currently participate in.

As a U.S. government contractor and subcontractor, we are subject to a variety of rules and regulations, such as the Federal Acquisition Regulations ("FAR"). Individual agencies can also have acquisition regulations. For example, the DoD implements the FAR through the U.S. Defense Federal Acquisition Regulation supplement (commonly known as "DFARS" or "DFARS"). For all Federal government entities, the FAR regulates the phases of any product or service acquisition, including: acquisition planning, competition requirements, contractor qualifications, protection of source selection and vendor information, and acquisition procedures. In addition, the FAR addresses the allowability of supplier costs, while Cost Accounting Standards address how those costs can be allocated to contracts. The FAR also subjects suppliers to audits and other government reviews. These reviews cover issues such as cost, performance and accounting practices relating to our contracts. The government may challenge a supplier's costs and fees, fees or require corrective actions which can delay programs and increase our costs. Suppliers are also required to comply with the National Industrial Security Program Operating Manual which relates to the handling of classified materials and programs and is administered by the Defense Counterintelligence and Security Agency ("DCSA"). Suppliers who do not comply with these various regulations may lose and/or become ineligible for facility security clearances and/or participation in classified and non-classified programs.

Under firm fixed-price contracts, we perform for an agreed-upon price and we can derive benefits from cost savings, but bear the risk of cost overruns. Our cost-reimbursable type contracts typically provide for reimbursement of allowable costs incurred plus a negotiated fee. Cost-plus-incentive-fee orders typically provide for sharing with the U.S. government savings accrued from orders performed for less than the target costs and costs incurred in excess of targets up to a negotiated ceiling price (which is higher than the target cost), and for the supplier to carry the entire burden of costs exceeding the negotiated ceiling price.

17

In fiscal 2023, \$172.0 million 2024, \$182.3 million or 31.3% 33.7% of our consolidated net sales were to the U.S. government (including sales to prime contractors to the U.S. government). Of this amount, firm fixed-price and cost-reimbursable type contracts (including fixed-fee, incentive-fee and time and material type contracts) accounted for approximately \$126.0 million \$135.5 million and \$46.0 million \$46.8 million, respectively.

18

Regulatory Matters

In addition to the rules and regulations that pertain to us as a U.S. government contractor and subcontractor, we are also subject to a variety of local, state and federal governmental regulations.

Our products that are incorporated into wireless communications systems must comply with various government regulations, including those of the FCC. Our manufacturing facilities, which may store, handle, emit, generate and dispose of hazardous substances that are used in the manufacture of our products, are subject to a variety of local, state and federal regulations, including those issued by the Environmental Protection Agency. Our products are also subject to European Union directives related to the recycling of electrical and electronic equipment.

Our international sales are subject to U.S. and foreign regulations such as the Arms Export Control Act, the International Emergency Economic Powers Act ("IEEPA"), the International Traffic in Arms Regulations ("ITAR"), the Export Administration Regulations ("EAR") and the trade sanctions laws and regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the Department of Commerce ("DoC") and their foreign counterparts as well as other applicable laws relating to trade, export controls and foreign corrupt practices, the violation of which could adversely affect our operations. We must comply with all applicable export control laws and regulations of the U.S. and other countries. Certain of our products and systems may require licenses from U.S. government agencies for export from the U.S. or other countries, and some of our products are not permitted to be exported. We cannot be certain that we will be able to obtain necessary export licenses, and such failure would materially adversely affect our operations. If we are unable to receive appropriate export authorizations in the future, we may be prohibited from selling our products and services internationally, which may limit our sales and have a material adverse effect on our business, results of operations and financial condition. In addition, in certain cases, U.S. and foreign export controls also severely limit unlicensed technical discussions, such as discussions with any persons who are not U.S. citizens or permanent residents. As a result, in cases where we may need an export license, our ability to compete against a non-U.S. domiciled foreign company that may not be subject to the same U.S. laws may be materially adversely affected. In addition, we are subject to the FCPA and other local laws that generally bar bribes or unreasonable gifts to foreign governments or officials. Violations of these laws or regulations could result in significant sanctions, including disgorgement of profits, fines, and criminal sanctions against us, our officers, our directors, or our employees, more onerous compliance requirements, more extensive debarments from export privileges or loss of authorizations needed to conduct aspects of our international business. A violation of any of the regulations enumerated above could materially adversely affect our business, financial condition and results of operations. Additionally, changes in regulatory requirements could further restrict our ability to deliver services to our international customers or negatively impact our business, including the addition of a country to the list of sanctioned countries under the IEEPA or similar legislation could negatively impact our business. legislation.

In the past, we have self-reported violations of export control laws or regulations to the U.S. Department of State, Directorate of Defense Trade Controls ("DDTC"), DoC, **OFAC** and **OFAC**,**their foreign counterparts**. In addition, we have made various commitments to U.S. government agencies that oversee trade and export matters that we will maintain certain policies and procedures including maintaining a company-wide Office of Trade Compliance and conducting ongoing internal assessments and reporting any future violations to those agencies.

Our financial reporting, corporate governance, public disclosure and compliance practices are governed by laws such as the Sarbanes-Oxley Act of 2002, Dodd-Frank Act of 2010, and rules and regulations issued by the SEC. The SEC has adopted rules which require, among other things, public companies to conduct certain inquiries to determine whether or not Conflict Minerals (as that term is defined in the SEC rules) that are necessary to the functionality of their manufactured products or their product's production processes originated in a Covered Country (as that term is defined in the SEC rules) and ultimately file a report with the SEC. Conflict Minerals are widely used in many industries, including the telecommunications industry and almost all of our products include component parts purchased from third-party suppliers and we must rely heavily on information received from suppliers to determine the origin of those materials. We have implemented a due diligence program consistent with the Organization for Economic Co-operation and Development guidelines to collect information concerning the country of origin of Conflict Minerals and in that regard, have adopted a policy that requires our suppliers (both public and private) to commit to a code of conduct relating to the responsible sourcing of minerals and to establish a policy to reasonably assure that the products they manufacture do not contain Conflict Minerals that originated in a Covered Country. Efforts to comply with this SEC rule have resulted in additional costs to us and, we believe, to our suppliers. As such, the availability of raw materials used

18

in our operations could be negatively impacted and/or raw material prices could increase. Further, if we are unable to certify that our products are conflict free, we may face challenges with our customers, which could place us at a competitive disadvantage and could harm our reputation.

19

Laws and regulations have been enacted that affect companies conducting business on the Internet, including the European General Data Protection Regulation ("GDPR"). The GDPR imposes certain privacy related requirements on companies that receive or process personal data of residents of the European Union that are currently different than those in the United States and include significant penalties for non-compliance. Similarly, there are several legislative proposals in the United States, at both the federal and state level, that could impose new obligations in areas affecting our business, such as liability for personal data protection. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services. Our costs to comply with the GDPR as well any other similar laws and regulations that emerge may negatively impact our business.

ITEM 1A. RISK FACTORS

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

Summary of Risk Factors

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

Global Risks

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

Strategic Transformation Risks

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

Business Risks

- Our current cash and liquidity projections raise substantial doubt about our ability to continue as a going concern.
- Our business outlook is difficult to forecast and operating results are subject to significant fluctuations and are likely to be volatile.
- Our backlog is subject to customer cancellation or modification, modification and such cancellations or modifications could result in a decline in sales and increased provisions for excess and obsolete inventory.
- Our efforts to invoice and collect unbilled receivables may be unsuccessful.

20

- Contract cost growth on our firm fixed-price contracts exposes us to reduced profitability and the potential loss of future business and other risks.
- Our business is highly dependent on the budgetary decisions of our government customers.
- Our contracts with the U.S. government are subject to unique business, commercial and government audit risks.
- Our dependence on sales to international customers exposes us to unique business, commercial and export compliance audit risks.

19

- A change in our relationship with our large wireless carrier customers could have a material adverse effect.
- A change by wireless carrier partners in the pricing and other terms by which they offer our products to their end-customers could have a material adverse affect.
- Disputes with our subcontractors or key suppliers or their inability to deliver on a timely basis, could cause unanticipated delays in our shipments.
- Our estimates regarding future warranty obligations may change based on a variety of factors, impacting future cost of revenue.

Strategic Growth Risks

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

Cybersecurity Risks

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

Legal, Regulatory and Litigation Risks

- Changes in U.S. federal, state and local and foreign tax law could adversely affect our business and financial condition.
- Our U.S. federal, state and local and foreign tax returns are subject to audit and a resulting tax assessment or settlement could have a material adverse effect on our business, results of operations and financial condition.
- We may be subject to environmental liabilities.
- The success of our business is dependent on compliance with FCC rules and regulations and similar foreign, **state and local** laws and regulations.
- Regulation of the mobile communications industry and VoIP is evolving, and unfavorable changes or our failure to comply with existing and potential new legislation or regulations could harm our business and operating results.

21

- Ongoing compliance with the provisions of securities laws, related regulations and financial reporting standards could unexpectedly materially increase our costs and compliance related expenses.
- Indemnification provisions in our contracts could have a material adverse effect on our consolidated results of operations, financial position, or cash flows.
- We are, from time to time, and could become a party to additional litigation or subject to claims. Additionally, we may become subject to government investigations, which may have an adverse effect on our financial condition.
- Protection of our intellectual property is limited and pursuing infringers of our patents and other intellectual property rights can be costly.
- Third parties may claim we are infringing their intellectual property rights and we could be prevented from selling our products, or suffer significant litigation expense, even if these claims have no merit.

20

Competitive Risks

- All of our business activities are subject to rapid technological change, new entrants, the introduction of other distribution models and long development and testing periods each of which may harm our competitive position.
- Our business is highly competitive, we are reliant upon the success of our partners, and some of our competitors have significantly greater resources than we do, which could result in a loss of customers, market share and/or market acceptance.
- We rely upon various third-party companies and their technology to provide services to our customers.
- Because our software may contain defects or errors, and our hardware products may incorporate defective components, our sales could decrease if these defects or errors adversely affect our reputation or delay shipments of our products.

Risks Related to our Common Stock

- Our stock price is volatile.
- Future issuances of our shares of common stock could dilute a stockholder's ownership interest in Comtech and reduce the market price of our shares of common stock.

- Actions of activist stockholders could impact the pursuit of our business strategies and adversely affect our results of operations, financial condition and/or share price.
- Provisions in our corporate documents and Delaware law could delay or prevent a change in control of Comtech.

Global Risks

New and ongoing challenges relating to current supply chain constraints and impacts from inflation, including for satellite ground station and troposcatter components, could adversely impact our revenue, gross margins and financial results.

The global supply chain for certain raw materials and components, including those used in our satellite ground station and troposcatter equipment, has experienced significant strain in recent periods. The constrained supply environment has adversely affected, and could further affect, availability and lead times of raw materials and components, thereby impeding our ability to meet customer demand in circumstances where we cannot timely secure supply of components that meet our quality standards. Even when raw materials and components are available, they often come with higher prices reflecting an imbalance between supply and demand, as well as inflationary pressures affecting global markets.

The effects of inflation and labor challenges have caused, and we expect will continue to cause further delays in the supply chain. Despite our attempts to mitigate the impact on our business, constrained supply chain conditions have and are expected to continue to adversely impact our costs of goods sold and may impact the timing and amount of revenue we realize. During fiscal 2023, 2024, we experienced disruptions in our supply chain relating to later-than-expected delivery of certain key components from several suppliers that adversely impacted our revenue in fiscal 2023, 2024. In addition, the ongoing supply chain issues have affected the quality of the components we receive. Certain parts received in fiscal 2023, 2024 did not meet our quality specifications and we were unable to use them.

22

We obtain certain components and subsystems from a single source or a limited number of sources. Some of our single source suppliers, particularly those that provide satellite ground station and troposcatter components, have reported to us that they are having disruptions in their respective supply chains. These single source components, which include items such as cooling fans, RF filters and power supplies, custom fiber connectors are in limited supply, supply with very long lead times. In some cases, we have now depleted our stock inventory and we are on waiting lists to obtain additional components. In order to ship certain items during fiscal 2024, we must obtain additional components to produce certain finished goods. We continue to seek new suppliers and inventory elsewhere. In light of current challenges in the supply chain, we may not be able to qualify alternate suppliers for our components.

21

Heading into our fiscal 2024, 2025, we have a significant portion of our targeted revenues in our backlog. However, if shipments from our backlog are delayed or we are unable to obtain expected orders or components, our business outlook will prove to be inaccurate. These aforementioned supply chain constraints, and their related challenges could result in future shortages, increased material costs or use of cash, engineering design changes, and delays in new product introductions, each of which could adversely impact our revenue, gross margins and financial results. There can be no assurance that the impacts of all the aforementioned conditions will not continue, or worsen, in the future.

If global economic business and political conditions deteriorate as compared to the current environment it could have a material adverse impact on our business outlook and our business, operating results and financial condition.

Many of the end-markets for our products and services may be significantly impacted for other issues that result in adverse global economic conditions. For example, many of our international end-customers are in emerging and developing countries that are subject to sweeping economic and political changes. Many governments around the world are under pressure to reduce their spending. From time to time, global oil and natural gas prices have been volatile and have significantly impaired the ability of certain of our government customers in the oil and gas producing regions of the world to invest in telecommunications products and infrastructure. Additionally, from time to time, the relative strength of the U.S. dollar against many international currencies has negatively impacted the purchasing power for many of our international end-customers because most of our sales are denominated in U.S. dollars. We generate significant sales from many emerging and developing countries and any such reduced purchasing power of our customers could adversely impact our sales and backlog.

If credit in financial markets outside of the U.S. remains difficult to obtain, our international customers and suppliers may find it difficult to obtain financing, which could result in a decrease in or cancellation of orders for our products and increased transaction costs (e.g., insurance, performance bonds). Volatility of financing conditions may cause our customers to be reluctant to spend funds required to purchase our solutions and could cause their projects to be postponed or canceled. In addition, if an adverse economic environment and lack of financing results in insolvencies for our customers, it would adversely impact the recoverability of our accounts receivable and/or inventories which would, in turn, adversely impact our results of operations.

We believe that the current global economic business environment is unstable and sudden negative changes could result in the immediate suppression of end-market demand for many of our products such as satellite ground station technologies and other short lead-time products. The timing, impact, severity and duration of these conditions are difficult to predict. If U.S. or global economic conditions deteriorate, or political conditions become unstable, or additional economic sanctions are imposed on some of our end-customers, it

could adversely impact our business in a number of ways. In the past, our businesses have been negatively affected by uncertain economic environments in the overall market and, more specifically, in the telecommunications sector. Our customers have reduced their budgets for spending on telecommunications equipment and systems and in some cases postponed or reduced the purchase of our products and systems. In the future, our customers may again reduce their spending on telecommunications equipment and systems which would negatively impact our business. If this occurs, it would adversely affect our outlook, net sales, profitability and the recoverability of our assets, including intangible assets such as goodwill.

We have significant operations in Arizona, Florida, California, Washington State, Maryland and other locations which could be materially and adversely impacted in the event of a terrorist attack and government responses thereto or significant disruptions (including natural disasters) to our business.

Terrorist attacks, the U.S. and other governments' responses thereto, and threats of war could adversely impact our business, results of operations and financial condition. For example, our 911 hosted location-based services and satellite teleport services operations depend on our ability to maintain our computer equipment and systems in effective working order, and to protect our systems against damage from fire, natural disaster, terrorist attack, power loss, telecommunications failure, sabotage, unauthorized access to our system or similar events.

Any unanticipated interruption or delay in our operations or breach of security could have an adverse effect on our business, results of operations and financial condition. Our property and business interruption insurance may not be adequate to compensate us for any losses that may occur in the event of a terrorist attack, threat, system failure or a breach of security. Insurance may not be available to us at all or, if available, may not be available to us on commercially reasonable terms.

We currently, and intend to continue to, operate a high-volume technology manufacturing center located in Arizona. A terrorist attack or similar future event may disrupt our operations or those of our customers or suppliers and may affect the availability of materials needed to manufacture our products or the means to transport those materials to manufacturing facilities and finished products to customers. If a natural disaster or other business interruption occurred with respect to our high-volume technology manufacturing center, we do not have immediate access to other manufacturing facilities and, as a result, our business, results of operations and financial condition could be materially adversely affected. The loss of our facility in Arizona would have a negative impact on our production capability and we would incur unexpected costs and lost revenue associated with our inability to meet our contractual commitments.

We design and manufacture our over-the-horizon microwave equipment and systems in Florida, where major hurricanes have occurred in the past, and amplifiers in Santa Clara, California, an area close to major earthquake fault lines. Additionally, certain of our Terrestrial and Wireless Networks segment activities are conducted in Washington State near a fault line. We maintain operations in Maryland near a U.S. Navy facility which may be more prone to a terrorist attack. Our operations in these and other locations (such as in our high-volume technology manufacturing center located in Arizona), could be subject to natural disasters or other significant disruptions, including hurricanes, tornadoes, typhoons, tsunamis, floods, earthquakes, fires, water shortages, other extreme weather conditions, medical epidemics, acts of terrorism, power shortages and blackouts, telecommunications failures, and other natural and man-made disasters or disruptions.

We cannot be sure that our systems will operate appropriately if we experience hardware or software failure, intentional disruptions of service by third parties, an act of God or an act of war. A failure in our systems could cause delays in transmitting data, and as a result we may lose customers or face litigation that could involve material costs and distract management from operating our business.

In the event of any such disaster or other disruption, we could experience disruptions or interruptions to our operations or the operations of our suppliers, distributors, resellers or customers; destruction of facilities; and/or loss of life, all of which could materially increase our costs and expenses and adversely affect our business, results of operations and financial condition.

Ongoing instability and conflicts in global markets, including in the Ukraine and Eastern Europe, Israel, Lebanon, the Gaza Strip and the Middle East and Asia, and the attending possibility of economic sanctions, have created and may continue to create economic and political disruption that could adversely impact our revenue, gross margins and financial results.

The U.S. government and other nations have imposed significant restrictions on most companies' ability to do business in Russia. It is not possible to predict the broader or longer-term consequences of this conflict, which could include further sanctions, embargoes, regional instability, geopolitical shifts, adverse effects on macroeconomic conditions, security conditions, currency exchange rates and financial markets. Such geo-political instability and uncertainty could have a negative impact on our ability to sell to, ship products to, collect payments from, and support customers in certain regions based on trade restrictions, embargoes, export control law restrictions, and logistics restrictions including closures of air space, and could increase the costs, risks and adverse impacts from these new challenges. We may also be the subject of increased cyber-attacks as a result of the conflict.

The military conflict between Russia and Ukraine has impacted our sales pipeline and continues to have repercussions for our business. Although sales into Russia represented approximately 1% of our consolidated net sales in fiscal 2024 and 2023, consolidated net sales into Russia in fiscal 2025 and beyond had been expected to grow. As a result of the economic sanctions against Russia, however, we have stopped accepting new orders in Russia and initiated a wind down of operations in fiscal 2024.

As a result of this conflict, from time to time over the past two years, we believe that certain customers (including the U.S. government, Ukraine and neighboring countries) paused procurement and deployment of satellite and troposcatter communication systems, and instead began purchasing war-fighting equipment.

Accordingly, it has become difficult to predict the timing or dollar amount of our contract awards in the region. For example, we anticipated being awarded several opportunities to provide wireless communication systems (including troposcatter systems) to Ukraine and neighboring countries for a variety of both defense and communications uses. However, while we continue to track such opportunities and believe that they will ultimately be awarded to us, such opportunities continue to be delayed. Additionally, funding for opportunities with other customers that we expected to book and ship has also been shifted to other programs and/or temporarily delayed as a result of changes in defense spending priorities.

Prior to this conflict, we maintained a small group of employees who supported certain UHP-branded satellite communications products. In fiscal 2024, we continued to expand our operations and shift certain commercial software development and support activities to Canada. However, as we are currently in an environment where software engineering talent is already in high demand and commands a premium, we expect to incur additional annual expenses in connection with this personnel shift for our UHP products. We may not be able to timely ramp up our operations in Canada or elsewhere on a sufficient scale to support anticipated growth of our UHP products, which could adversely impact future revenues, gross margins and operations.

The U.S. Government's budget deficit, as well as a breach of the debt ceiling, could have an adverse impact on our operations.

Our sales to government customers are highly dependent on the U.S. defense budget, which in turn is driven by an annual appropriation by Congress. These appropriations rarely align with the performance period of our contracts—for instance, most of our government contracts are only partially funded at inception. DoD budgets are driven by factors that are outside our control (such as economic conditions, administration policy shifts within the Executive branch and geopolitical events). Any one or combination of these factors may adversely impact our operations, resulting in a decline of sales and operating income.

Strategic Transformation Risks

We may fail to realize all of the anticipated benefits of our operational initiatives, including the strategic alternatives for our Terrestrial and Wireless Networks segment and further portfolio-shaping opportunities, or those benefits may take longer to realize than expected.

On October 17, 2024, we announced that we are executing a strategy to transform Comtech into a pure-play satellite and space communications company. There can be no assurance that the exploration of strategic alternatives will result in a transaction on terms acceptable to us or other strategic changes or outcomes. Even if a transaction or series of transactions were completed, there can be no assurance as to the timing of completing these activities. Moreover, we may not realize any or all of the anticipated benefits from our pursuit of strategic alternatives for our Terrestrial and Wireless Networks segment, or the anticipated benefits from further portfolio-shaping opportunities, and related transactions could in fact adversely affect our business. Our ability to realize the anticipated benefits of our transformation strategy and further portfolio-shaping opportunities will depend, to a large extent, on our ability to continue to focus on satellite and space communications and to achieve more predictable growth in the absence of any divested businesses, including the Terrestrial and Wireless Networks segment. Some of the anticipated benefits may not occur for a significant period of time. In addition, we may retain certain liabilities or obligations related to our Terrestrial and Wireless Networks segment or other businesses that may arise under contract or law, or may have difficulties enforcing our rights, contractual or otherwise, against the buyer. The focus on becoming a pure-play satellite and space communications company and the related transactions may not enhance long-term stockholder value as anticipated. Further, our strategic transformation could result in near term restructuring charges and a material impairment of our goodwill and/or intangible assets, among other things.

Many of these factors will be outside of our control and any one of them could result in increased costs, including restructuring charges, decreases in the amount of expected revenues and diversion of management's time and energy, which could adversely affect our business, financial condition and results of operations. In addition, the process of such strategic transformations, including divesting assets, carries an inherent risk of market fluctuations and economic uncertainties that could undermine the value we expect to realize.

Our transformation strategy may require a substantial portion of the time and attention of our management team, which may have an adverse effect on our business and results of operations, and we may face increased levels of employee attrition.

Our management team has spent, and continues to spend, a significant amount of time and effort focusing on our transformation strategy. This diversion of attention may have an adverse effect on the conduct of our business, and, as a result, on our financial condition and results of operations, particularly if the time it takes to complete our transformation strategy is protracted. During the pendency of the transformation strategy, our employees may face considerable distraction and uncertainty and we may experience increased levels of employee attrition. A loss of key personnel or material erosion of employee morale could have a materially adverse effect on our ability to meet customer expectations, thereby adversely affecting our business and results of operations. The failure to retain or attract members of our management team and other key personnel could impair our ability to execute our strategy and implement operational initiatives, thereby having a material adverse effect on our financial condition and results of operations. Likewise, we could experience losses of customers who may be concerned about our ongoing long-term viability.

Business Risks

Our current cash and liquidity projections raise substantial doubt about our ability to continue as a going concern.

Pursuant to the requirements of ASC Topic 205-40, "Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern," we are required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern. This evaluation does not take into consideration the potential mitigating effect of our plans that have not been fully implemented or are not within our control as of the date the audited *Consolidated Financial Statements* are issued. When substantial doubt exists, we are required to evaluate whether the mitigating effect of our plans sufficiently alleviates substantial doubt about our ability to continue as a going concern. The mitigating effect of our plans, however, is only considered if both (i) it is probable that the plans will be effectively implemented within one year after the date that the *Consolidated Financial Statements* are issued, and (ii) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about our ability to continue as a going concern within one year after the date that the *Consolidated Financial Statements* are issued.

As of the date these financial statements were issued (the "issuance date"), we evaluated whether the following adverse conditions, when considered in the aggregate, raise substantial doubt about our ability to continue as a going concern over the next twelve months beyond the issuance date.

Over the past three fiscal years, we incurred operating losses of \$79.9 million, \$14.7 million and \$33.8 million in fiscal 2024, 2023 and 2022, respectively. In addition, over the past three fiscal years, net cash used in operating activities was \$54.5 million and \$4.4 million in fiscal 2024 and 2023, respectively, and net cash provided by operating activities was \$2.0 million in fiscal 2022. Our ability to meet future anticipated liquidity needs over the next year beyond the issuance date will largely depend on our ability to generate positive cash inflows from operations, maximize our borrowing capacity under our Credit Facility, as discussed further below, and/or secure other sources of outside capital. While we believe we will be able to generate sufficient positive cash inflows, maximize our borrowing capacity and secure outside capital, there can be no assurance our plans will be successfully implemented and, as such, we may be unable to continue as a going concern over the next year beyond the issuance date.

As discussed further in "Notes to Consolidated Financial Statements - Note (8) - Credit Facility" included in "Part II - Item 8. Financial Statements and Supplementary Data," included in this Form 10-K (which discussion is incorporated herein by reference), on June 17, 2024, we entered into a \$222.0 million credit facility with a new syndicate of lenders, which replaced our prior credit facility. As further discussed below, we subsequently amended the credit facility on October 17, 2024 (the "Credit Facility"). The Credit Facility consists of a committed \$162.0 million term loan ("Term Loan") and \$60.0 million revolver loan ("Revolver Loan"). At July 31, 2024 and October 25, 2024 (the date closest to the issuance date), total outstanding borrowings under the Credit Facility were \$194.2 million and \$199.1 million, respectively. At both July 31, 2024 and October 25, 2024, \$32.5 million was drawn on the Revolver Loan. As of the issuance date, our available sources of liquidity approximate \$28.7 million, consisting solely of qualified cash and cash equivalents. That is, our available sources of liquidity do not include the remaining portion of the committed Revolver Loan due to the lenders' consent right, discussed below, to any borrowings that exceed \$32.5 million.

The Credit Facility, among other things, requires compliance with new restrictive and financial covenants, including: a maximum allowable Net Leverage Ratio of 3.25x for the fiscal quarter ending January 31, 2025; a minimum Fixed Charge Coverage Ratio of 1.20x for the fiscal quarter ending January 31, 2025; a minimum Average Liquidity requirement at each

quarter end of \$20.0 million; and a minimum EBITDA of \$35.0 million for the fiscal quarter ending October 31, 2025. Such ratios adjust under the Credit Facility in future periods.

The Credit Facility was amended on October 17, 2024 to waive certain defaults or events of default, including in connection with our Net Leverage Ratio and Fixed Charge Coverage Ratio covenants as of July 31, 2024. The amendment also provides for, among other things: (i) increases the interest rate margins applicable to the loans; (ii) modifies certain financial and collateral reporting requirements; (iii) provides a lender consent right with respect to \$27.5 million of Revolver Loan borrowings above \$32.5 million; (iv) permits the incurrence of \$25.0 million of senior unsecured subordinated debt (as described below); (v) amends the maturity date to the earlier of (x) July 31, 2028 or (y) 90 days prior to the earliest date that the debt under the Subordinated Credit Agreement (as defined below) becomes due and payable; and (vi) suspends financial covenant testing through the end of our fiscal quarter ending January 31, 2025.

In addition, we entered into a Subordinated Credit Agreement with the existing holders of our Convertible Preferred Stock (the "Subordinated Credit Agreement") on October 17, 2024, which provides a subordinated unsecured term loan facility in the aggregate principal amount of \$25.0 million (the "Subordinated Credit Facility"). The proceeds of the Subordinated Credit Facility: (i) cured our default on certain financial covenants under the Credit Facility, as discussed above; (ii) provides additional liquidity to us; and (iii) funds our general working capital needs, including support of our strategic transformation initiatives, as discussed below.

Our ability to meet our current obligations as they become due may be impacted by our ability to remain compliant with the financial covenants required by the Credit Facility, or to obtain future waivers or amendments from the lenders in the event compliance is not maintained. While we believe we will be able to secure such waivers or amendments, as needed, there can be no assurance such waivers or amendments will be secured or on terms that are acceptable to us. If we are unable to secure waivers or amendments, the lenders may declare an event of default, which would cause an immediate acceleration and repayment of all outstanding principal, interest and fees due under our Credit Facility. Absent our ability to repay the forgoing amounts upon the declaration of an event of default, the lenders may exercise their rights and remedies under the Credit Facility, which may include, among others, a seizure of substantially all of our assets and/or the liquidation of our operations. If an event of default occurs that allows the lenders to exercise these rights and remedies over the next year beyond the issuance date, we will be unable to continue as a going concern.

As of the issuance date, our plans to address our ability to continue as a going concern include, among other things:

- executing a strategy to transform Comtech into a pure-play satellite and space communications company (ongoing and future actions supporting our transformation strategy include: an exploration of strategic alternatives for our Terrestrial and Wireless Networks segment, which is well underway; the pursuit of further portfolio-shaping opportunities to enhance profitability, efficiency and focus; and the implementation of additional operational initiatives to both achieve profitable results from operations as well as to align our go-forward cost structure with a pure-play focus on satellite and space communications), as discussed further in Note (18) – "Cost Reduction Activities,"

- pursuing initiatives to reduce investments in working capital, namely accounts receivable and inventory;
- improving process disciplines to attain and maintain profitable operations by entering into more favorable sales or service contracts;
- reevaluating our business plans to identify opportunities (e.g., within our Satellite and Space Communications segment) to focus future investment on our most strategic, high-margin revenue opportunities;
- reevaluating our business plans to identify opportunities to further reduce capital expenditures;
- seeking opportunities to improve liquidity through any combination of debt and/or equity financing (including possibly restructuring our Credit Facility, Convertible Preferred Stock and/or Subordinated Credit Agreement); and
- seeking other strategic transactions and/or measures including, but not limited to, the potential sale or divestiture of assets.

While we believe the implementation of some or all of the elements of our plans over the next year beyond the issuance date will be successful, these plans are not all solely within management's control and, as such, we can provide no assurance our plans are probable of being effectively implemented as of the issuance date. Therefore, the adverse conditions and events described above are uncertainties that raise substantial doubt about our ability to continue as a going concern. The accompanying consolidated financial statements have been prepared on the basis that we will continue to operate as a going concern, which contemplates we will be able to realize assets and settle liabilities and commitments in the normal course of business for the foreseeable future. Accordingly, the accompanying consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties.

In addition, the perception that we may not be able to continue as a going concern may cause customers, vendors and others to review and alter their business relationships and terms with us, and may affect our credit rating. If we seek additional financing to fund operations and there remains substantial doubt about our ability to continue as a going concern, financing sources may be unwilling to provide such funding to us on commercially reasonable terms, or at all. Uncertainty regarding our ability to continue as a going concern could also have a material and adverse impact on the price of our common stock, which could negatively impact our ability to obtain additional stock-based financing or enter into strategic transactions.

Our business outlook is difficult to forecast and operating results are subject to significant fluctuations and are likely to be volatile.

Historically, our business outlook is difficult to forecast and backlog (sometimes referred to herein as orders or bookings), net sales and operating results may vary significantly from period to period due to a number of factors including: the impact of strategic alternatives and portfolio reshaping; sales mix; fluctuating market demand; start-up costs associated with the opening of our two new high-volume technology manufacturing centers; price competition; delayed collections from customers; new product introductions by us or our competitors; customer bankruptcies; changing customer partnering procurement strategies; fluctuations in foreign currency exchange rates; unexpected changes in the timing of delivery of components or subsystems; the financial performance and impact of acquisitions; acquisitions or divestitures; new accounting standards; political instability; regulatory developments; changes in income tax rates or tax credits; the price and expected volatility of our stock (which will impact, among other items, the amount of stock-based compensation expense we may record); perceptions of our financial condition and ability to continue as a going concern; general global economic conditions, and the impact of natural disasters or global pandemics, such as the COVID-19 pandemic.

We have experienced, and will experience in the future, significant fluctuations in bookings, net sales and operating results from period to period. For example, a sudden change in global economic or political conditions could have an immediate impact on a large portion of our net sales, a large amount of which are derived from products such as satellite ground station technologies, amplifier products and mission-critical technologies that generally have short order and lead times. Similarly, sales of certain of our public safety and location technologies are subject to sudden changes in wireless carrier procurement strategies, including decisions to sole-source such solutions or to perform such solutions internally. As a result, bookings and backlog related to these solutions are extremely sensitive to short-term fluctuations in customer demand.

In addition, a large portion of our consolidated net sales are derived in part from large U.S. federal and state government programs or large foreign government opportunities that are subject to lengthy sales cycles (including funding requirements) and are therefore difficult to predict.

If global economic business and political conditions deteriorate as compared to the current environment it could have an adverse impact on our business outlook and our business, operating results and financial condition.

Many of the end-markets for our products and services may be significantly impacted for other issues that result in adverse global economic conditions. For example, many of our international end-customers are in emerging and developing countries that are subject to sweeping economic and political changes. Many governments around the world are under pressure to reduce their spending. In recent years, global oil and natural gas prices have been volatile and have significantly impaired the ability of certain of our government customers in the oil and gas producing regions of the world to invest in telecommunications products and infrastructure. Additionally, from time to time, the relative strength of the U.S. dollar against many international currencies has negatively impacted the purchasing power for many of our international end-customers because most of our sales are denominated in U.S. dollars. We generate significant sales from many emerging and developing countries and any such reduced purchasing power of our customers could adversely impact our sales and backlog.

If credit in financial markets outside of the U.S. remains difficult to obtain, our international customers and suppliers may find it difficult to obtain financing, which could result in a decrease in or cancellation of orders for our products and increased transaction costs (e.g., insurance, performance bonds). Volatility of financing conditions may cause our customers to be reluctant to spend funds required to purchase our equipment and could cause their projects to be postponed or canceled. In addition, if an adverse economic environment and lack of financing results in insolvencies for our customers, it would adversely impact the recoverability of our accounts receivable and/or inventories which would, in turn, adversely impact our results of operations.

We believe that the current global economic business environment is unstable and sudden negative changes could result in the immediate suppression of end-market demand for many of our products such as satellite ground station technologies and other short lead-time products. The timing, impact, severity and duration of these conditions are difficult to predict. If U.S. or global economic conditions deteriorate, or political conditions become unstable, or additional economic sanctions are imposed on some of our end-customers, it could adversely impact our business in a number of ways. In the past, our businesses have been negatively affected by uncertain economic environments in the overall market and, more specifically, in the telecommunications sector. Our customers have reduced their budgets for spending on telecommunications equipment and systems and in some cases postponed or reduced the purchase of our products and systems. In the future, our customers may again reduce their spending on telecommunications equipment and systems which would negatively impact both of our operating segments. If this occurs, it would adversely affect our business outlook, net sales, profitability and the recoverability of our assets, including intangible assets such as goodwill.

We have significant operations in Arizona, Florida, California, Washington State, Maryland, New York and other locations which could be materially and adversely impacted in the event of a terrorist attack and government responses thereto or significant disruptions (including natural disasters) to our business.

Terrorist attacks, the U.S. and other governments' responses thereto, and threats of war could adversely impact our business, results of operations and financial condition. For example, our 911 hosted location-based services and satellite teleport services operations depend on our ability to maintain our computer and equipment and systems in effective working order, and to protect our systems against damage from fire, natural disaster, terrorist attack, power loss, telecommunications failure, sabotage, unauthorized access to our system or similar events.

Any unanticipated interruption or delay in our operations or breach of security could have an adverse effect on our business, results of operations and financial condition. Our property and business interruption insurance may not be adequate to compensate us for any losses that may occur in the event of a terrorist attack, threat, system failure or a breach of security. Insurance may not be available to us at all or, if available, may not be available to us on commercially reasonable terms.

We currently, and intend to continue to, operate a high-volume technology manufacturing center located in Arizona. A terrorist attack or similar future event may disrupt our operations or those of our customers or suppliers and may affect the availability of materials needed to manufacture our products or the means to transport those materials to manufacturing facilities and finished products to customers. If a natural disaster or other business interruption occurred with respect to our high-volume technology manufacturing center, we do not have immediate access to other manufacturing facilities and, as a result, our business, results of operations and financial condition could be materially adversely affected. To support our long-term business goals for our satellite earth station product line, in fiscal 2023, we completed our relocation of certain of our satellite earth station product line operations to our new 146,000 square foot facility in Chandler, Arizona. Nevertheless, loss of that facility would have a negative impact on our production capability and we would incur unexpected costs and lost revenue associated with our inability to meet our contractual commitments.

We design and manufacture our over-the-horizon microwave equipment and systems in Florida, where major hurricanes have occurred in the past, and amplifiers in Santa Clara, California, an area close to major earthquake fault lines, and also manufacture amplifiers in Melville, New York, an area subject to hurricanes. Additionally, certain of our Terrestrial and Wireless Networks segment activities are conducted in Washington State near a fault line. We maintain operations in Maryland near a U.S. Navy facility which may be more prone to a terrorist attack. Our operations in these and other locations (such as in our high-volume technology manufacturing center located in Arizona and our antenna production facility in the United Kingdom), could be subject to natural disasters or other significant disruptions, including hurricanes, tornadoes, typhoons, tsunamis, floods, earthquakes, fires, water shortages, other extreme weather conditions, medical epidemics, acts of terrorism, power shortages and blackouts, telecommunications failures, and other natural and man-made disasters or disruptions.

We cannot be sure that our systems will operate appropriately if we experience hardware or software failure, intentional disruptions of service by third parties, an act of God or an act of war. A failure in our systems could cause delays in transmitting data, and as a result we may lose customers or face litigation that could involve material costs and distract management from operating our business.

In the event of any such disaster or other disruption, we could experience disruptions or interruptions to our operations or the operations of our suppliers, distributors or customers; destruction of facilities; and/or loss of life, all of which could materially increase our costs and expenses and adversely affect our business, results of operations and financial condition.

The military conflict between Russia and Ukraine, and the global response to it could adversely impact our revenues, gross margins and financial results.

The U.S. government and other nations have imposed significant restrictions on most companies' ability to do business in Russia. It is not possible to predict the broader or longer-term consequences of this conflict, which could include further sanctions, embargoes, regional instability, geopolitical shifts, adverse effects on macroeconomic conditions, security conditions, currency exchange rates and financial markets. Such geo-political instability and uncertainty could have a negative impact on our ability to sell to, ship products to, collect payments from, and support customers in certain regions based on trade restrictions, embargoes, export control law restrictions, and logistics restrictions including closures of air space, and could increase the costs, risks and adverse impacts from these new challenges. We may also be the subject of increased cyber-attacks as a result of the conflict.

The military conflict between Russia and Ukraine has impacted our sales pipeline and continues to have significant repercussions for our business. Although sales into Russia represented approximately 1% of our consolidated net sales in fiscal 2023 and 2022, consolidated net sales into Russia in fiscal 2024 and beyond were expected to significantly grow. As a result of the economic sanctions against Russia, however, we have stopped accepting new orders in Russia and plan to wind down operations in fiscal 2024. Accordingly, we are completing the production of backlog for approved in-country customers and repatriating cash proceeds as permitted by both U.S. and Russian law.

As a result of this conflict, in fiscal 2022 and 2023, certain customers (including the U.S. and Ukrainian government) paused procurement and deployment of satellite and troposcatter communication systems, and instead began purchasing war-fighting equipment.

It has become difficult to predict the timing or dollar amount of our contract awards in the region. For example, we had several opportunities to provide wireless communication systems (including troposcatter systems) to Ukraine for a variety of both defense and communications uses. Funding for these systems was expected to be provided by Ukraine and by the U.S. government and these items were expected to be awarded and shipped in the second half of fiscal 2022. As a result of the conflict in Ukraine, however, the award was not received and shipped until the first half of our fiscal 2023. Additionally, funding for opportunities with other customers that we expected to book and ship has also been shifted to other programs and/or temporarily delayed as a result of changes in defense spending priorities.

Prior to this conflict, we maintained a small group of employees in Moscow, Russia who supported certain UHP-branded satellite communications products. In fiscal 2023, we continued to expand our Canadian operations and shifted certain commercial software development and support activities outside of Russia. However, as we are currently in an environment where software engineering talent is already in high demand and commands a premium, we expect to incur additional annual expenses in connection with this personnel shift for our UHP products. We may not be able to timely ramp up our operations in Canada or elsewhere on a sufficient scale to support anticipated growth of our UHP products, which could adversely impact future revenues, gross margins and operations.

Our sales to government customers are highly dependent on the U.S. defense budget, which in turn is driven by an annual appropriation by Congress. These appropriations rarely align with the performance period of our contracts—for instance, most of our government contracts are only partially funded at inception. DoD budgets are driven by factors that are outside our control (such as economic conditions, administration policy shifts within the Executive branch and geopolitical events). Any one or combination of these factors may adversely impact our operations, resulting in a decline of sales and operating income.

Business Risks

Our backlog is subject to customer cancellation or modification and such cancellations or modifications could result in a decline in sales and increased provisions for excess and obsolete inventory.

We currently have a backlog of orders, mostly under contracts that our customers may modify or terminate. Almost all of the contracts in our backlog (including firm orders previously received from the U.S. government) are subject to cancellation at the convenience of the customer or for default in the event that we are unable to perform under the contract. For some contracts, where we are a subcontractor (and not the prime contractor), the U.S. government could terminate the prime contractor for convenience without regard for our performance as a subcontractor.

24

In some cases, such as contracts received from large U.S. based telecommunication companies, our backlog is computed by multiplying the most recent month's contract or revenue by the months remaining under the existing long-term agreements, which we consider to be the best available information for anticipating revenue under those agreements. Also, a significant portion of the backlog from our U.S. commercial customers relates to large, multi-year contracts to provide state and local governments (and their agencies) with public safety and location technology solutions. Funding of these contracts is often subject to the approval of budgets (for example, on an annual or bi-annual basis). Although funding for these multi-year contracts are dependent on future budgets being approved, we include the full estimated value of these large, multi-year contracts in our backlog given the critical nature of the services being provided and the positive historical experience of our state and local government customers passing their respective budgets.

28

There can be no assurance that our backlog will result in actual revenue in any particular period, or at all, particularly during periods of economic instability. Nor can there be any assurance that any contract included in backlog will be profitable. The actual amount and timing of any revenue is subject to various contingencies, many of which are beyond our control. The actual recognition of revenue on contracts included in backlog may never occur or may change because a program schedule could change; a customer may not follow up with order details (e.g., delivery instructions), fluctuations in currency exchange rates after an order is placed could cause our products to become too expensive for a foreign customer; a customer's program could be canceled, a contract could be reduced, modified or terminated early due to changes in a customer's priorities; funding may not be included in future budgets; actual indirect rates being reimbursed on U.S. government contracts may ultimately be less than those indirect rates included in our initial proposals; or an option that we had assumed would be exercised is not exercised.

We record a provision for excess and obsolete inventory based on historical and projected usage trends and other factors, including the consideration of the amount of backlog we have on hand at any particular point in time. If orders in our backlog are canceled or modified, our estimates of future product demand may prove to be inaccurate, in which case we

may have understated the provision required for excess and obsolete inventory. In the future, if we determine that our inventory is overvalued, we will be required to recognize such costs in our financial statements at the time of such determination. Any such charges could be materially adverse to our results of operations and financial condition.

Our efforts to invoice and collect unbilled receivables may be unsuccessful.

As of July 31, 2024, we had \$123.7 million of contract assets recorded on our Consolidated Balance Sheet, commonly referred to as unbilled receivables. Under U.S. generally accepted accounting principles, such contract assets generally result from timing differences between (a) when we must recognize revenue on contracts based on our activities to satisfy performance obligations related to products that have no alternative use and for which we have the right to payment in the event of a contract termination, and (b) when we can invoice our customers under the terms of those associated contracts (i.e., which is often based on our successful achievement of a milestone, such as an acceptance test or physical delivery of a product). Unbilled receivables remain at risk for collection due to several factors, including but not limited to our inability to meet invoicing milestones, customer contracts being terminated for default or actual indirect rates on cost reimbursable contracts ultimately being less than those rates estimated for revenue recognition purposes.

Contract cost growth on our firm fixed-price contracts, including most of our government contracts, cost reimbursable type contracts and other contracts that cannot be justified as an increase in contract value due from customers exposes us to reduced profitability and the potential loss of future business and other risks.

A substantial portion of our products and services are sold under firm fixed-price contracts. Firm fixed-price contracts inherently have more risk than flexibly priced contracts, particularly if they involve non-recurring engineering efforts that are not yet proven. This means that we bear the risk of unanticipated technological, manufacturing, supply or other problems, price increases or other increases in the cost of performance. Future events could result in either upward or downward adjustments to those estimates which could negatively impact our profitability. Operating margin could be materially adversely affected when contract costs that cannot be billed to the customer are incurred. This cost growth can occur if initial estimates used for calculating the contract price were incorrect, or if estimates to complete increase, increase or if we encounter unanticipated growth in research and development activity to support our firm fixed-price development contracts. To a lesser extent, we provide products and services under cost reimbursable type contracts which carry the entire burden of costs exceeding a negotiated contract ceiling price. Also, if contract costs grow beyond our or our customer's expectations, we may not be awarded future anticipated orders from customers related to their longer-term production needs.

The cost estimation process requires significant judgment and expertise. Reasons for cost growth may include unavailability and productivity of labor, the nature and complexity of the work to be performed, the effect of change orders, the availability of materials, the effect of any delays in performance, availability and timing of funding from the customer, natural disasters, and the inability to recover any claims included in the estimates to complete. A significant change in an estimate on one or more programs could have a material adverse effect on our business, results of operations and financial condition.

29

Our business is highly dependent on the budgetary decisions of our government customers, including the U.S. government (including prime contractors to the U.S. government), and changes in the U.S. government's fiscal policies or budgetary priorities may have a material adverse effect on our business, operating results and financial condition.

During our fiscal years ended July 31, 2023 July 31, 2024, 2022 2023 and 2021, 2022, sales to the U.S. government (including sales to prime contractors to the U.S. government) were \$172.0 million \$182.3 million, \$132.6 million \$172.0 million and \$201.1 million \$132.6 million, or 31.3% 33.7%, 27.2% 31.3% and 34.6% 27.2% of our consolidated net sales, respectively. In addition, a large portion of our existing backlog consists of orders related to U.S. government contracts and our Business Outlook for Fiscal 2024 2025 and beyond depends, in part, on significant new orders from the U.S. government, which undergoes extreme budgetary pressures from time to time.

25

We rely on U.S. government spending on our communication solutions, and our receipt of future orders depends in large part on continued funding by the U.S. government for the programs in which we participate. These spending levels are not generally correlated with any specific economic cycle, but rather follow the cycle of general public policy and political support for this type of spending. Government contracts are conditioned upon the continuing availability of congressional appropriations and Congress's Congress' failure to appropriate funds, or Congress's actions to reduce or delay spending on, or reprioritize its spending away from, U.S. government programs which we participate in, could negatively affect our results of operations. Because many of the items we sell to the U.S. government are included in large programs realized over a period of several years, it is difficult, if not impossible, to determine specific amounts that are or will be appropriated for our products and services. As such, our assessments relating to the impact of changes in U.S. government spending may prove to be incorrect.

The federal debt limit continues to be actively debated as plans for long-term national fiscal policy are discussed. The outcome of these discussions, which could be affected by the presidential and congressional elections in 2024, could have a significant impact on defense spending broadly and programs we support in particular. The failure of Congress to approve future budgets and/or increase the debt ceiling of the U.S. on a timely basis could delay or result in the loss of contracts for the procurement of our products and services and we may be asked or required to continue to perform for some period of time on certain of our U.S. government contracts, even if the U.S. government is unable to make timely payments. A decrease in DoD or Department of Homeland Security expenditures, the elimination or curtailment of a material program in which we are involved, or changes in payment patterns of our customers as a result of changes in U.S. government spending could have an adverse effect on our business, results of operations and financial condition.

On September 25, 2024, the U.S. Senate voted to pass a bipartisan Continuing Resolution (CR; H.R. 9747) to extend federal spending and avert a government shutdown through December 20, 2024. The U.S. House passed the measure that same day and the measure was signed by President Biden prior to the beginning of fiscal year 2025. Accordingly, it is still possible that a partial shutdown of the U.S. government may occur, or additional interim budgets may be adopted. As such, we may experience delayed orders, delayed payments and adverse impacts on our results of operations. We may experience related supply chain delays, disruptions or other problems associated with financial constraints faced by our suppliers and subcontractors. All of the aforementioned conditions and factors could in the aggregate, have a material adverse effect on our business, results of operations and financial condition. Additionally, cost cutting, efficiency initiatives, reprioritization, other affordability analyses, and changes in budgetary priorities by our governmental customers, including the U.S. government, could adversely impact both of our operating segments. We are unable to predict the impact these or similar events could have on our business, financial position, results of operations or cash flows.

Our contracts with the U.S. government are subject to unique business, commercial and government audit risks.

We depend on the U.S. government for a significant portion of our revenues. Our contracts with the U.S. government are subject to unique business and commercial risks, including:

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

30

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

- Our U.S. government contracts can easily be terminated by the U.S. government - Our U.S. government contracts and subcontracts can be terminated by the U.S. government for its convenience or upon an event of default by us. Termination for convenience provisions provide us with little to no recourse related to: our potential recovery of costs incurred or costs committed, potential settlement expenses and hypothetical profit on work completed prior to termination.

26

- Our U.S. government contracts are subject to funding by the U.S. Congress - Our U.S. government contracts are conditioned upon the continuing approval by Congress of the necessary funding. Congress usually appropriates funds for a given program on a fiscal year basis even though contract performance may take more than one year. Consequently, at the beginning of a major program, the contract may not be fully funded, and additional monies are normally committed to the contract only if, and when, appropriations are made by Congress for future fiscal years. Delays or changes in funding can impact the timing of awards or lead to changes in program content. We obtain certain of our U.S. government contracts through a competitive bidding process. There can be no assurance that we will win additional contracts or that actual contracts that are awarded will ultimately be profitable.
- We Failure to comply with government contractor obligations can be disqualified as a supplier to result in adverse consequences for the U.S. government company - As a supplier to the U.S. government, we must comply with numerous regulations, including those governing security, contracting practices and classified information. Failure to comply with these regulations and practices could result in fines being imposed against us, civil or criminal penalties, termination of contracts, our suspension for a period of time from eligibility for bidding on, or for award of, new government contracts, contracts, or other adverse consequences. If we are disqualified as a supplier to government agencies, we would lose most, if not all, of our U.S. government customers and revenues from sales of our products would decline significantly.
- Our employees may not be able to obtain and maintain the required security clearances for the facilities in which we perform sensitive government work - Certain of our U.S. government contracts require our employees to maintain various levels of security clearances, and we are required to maintain certain facility security clearances. If we cannot maintain or obtain the required security clearances for our facilities and our employees, or obtain these clearances in a timely manner, we may be unable to perform

certain U.S. government contracts. Further, loss of a facility clearance, or an employee's failure to obtain or maintain a security clearance, could result in a U.S. government customer terminating an existing contract or choosing not to renew a contract. Lack of required clearances could also impede our ability to bid on or win new U.S. government contracts. This could damage our reputation and adversely affect our business, financial condition and results of operations.

In addition, all of our U.S. government contracts can be audited by the Defense Contract Audit Agency ("DCAA") and other U.S. government agencies and we can be subject to penalties arising from post-award contract audits (sometimes referred to as a Truth in Negotiations Act or "TINA" audit) or, cost audits in which the value of our contracts may be reduced, reduced or increased costs to implement corrective actions. If costs are found to be improperly allocated to a specific contract, those costs will not be reimbursed, and any such costs already reimbursed would be required to be refunded. Although we record contract revenues based upon costs we expect to realize upon final audit, we cannot predict the outcome of any such future audits and adjustments, and we may be required to materially reduce our revenues or profits upon completion and final negotiation of audits. Negative audit findings could also result in termination of a contract, forfeiture of profits, suspension of payments, fines and suspension or debarment from U.S. government contracting or subcontracting for a period of time.

31

Our dependence on sales to international customers exposes us to unique business, commercial and export compliance audit risks.

Sales for use by international customers (including sales to U.S. companies for inclusion in products that will be sold to international customers) represented approximately 24.0% 21.5%, 25.0% 24.0% and 23.9% 25.0% of our consolidated net sales for the fiscal years ended July 31, 2023 July 31, 2024, 2022 2023 and 2021, 2022, respectively, and we expect that international sales will continue to be a significant portion of our consolidated net sales for the foreseeable future. These sales expose us to certain risks, including barriers to trade, declining trade relations, fluctuations in foreign currency exchange rates (which may make our products less price-competitive), political, legal, social and economic instability, exposure to public health epidemics, availability of suitable export financing, tariff regulations, and other U.S. and foreign regulations that may apply to the export of our products. Some of our business partners also have international operations and are subject to the risks described above. Even if we are able to successfully manage the risks of international operations, our business may be adversely affected if our business partners are not able to successfully manage these risks. Although we take steps to mitigate our risk with respect to international sales, we may not be able to do so in every instance for any of the following reasons, among others:

- We may not be able to continue to structure our international contracts to reduce risk - We attempt to reduce the risk of doing business in foreign countries by seeking subcontracts with large systems suppliers, contracts denominated in U.S. dollars, advance or milestone payments and irrevocable letters of credit in our favor. However, we may not be able to reduce the economic risk of doing business in foreign countries in all instances. In such cases, billed and unbilled receivables relating to international sales are subject to increased collectability risk and may result in significant write-offs, which could have a material adverse effect on our business, results of operations and financial condition. In addition, foreign defense contracts generally contain provisions relating to termination at the convenience of the government.

27

- We rely on a limited number of international sales agents - In some countries, we rely upon one or a small number of sales agents, exposing us to risks relating to our contracts with, and related performance of, those agents. We attempt to reduce our risk with respect to sales agents by establishing additional foreign sales offices where it is practical and by engaging, where practicable, more than one independent sales representative in a territory. It is our policy to require all sales agents to operate in compliance with applicable laws, rules and regulations. Violations of any of these laws, rules or regulations, and other business practices that are regarded as unethical, could interrupt the sales of our products and services, result in the cancellation of orders or the termination of customer relationships, and could damage our reputation, any of which developments could have a material adverse effect on our business, results of operations and financial condition.
- We must comply with all applicable export control laws and regulations of the U.S., the U.K. and other countries - Certain of our products and systems may require licenses from U.S. government agencies for export from the U.S., and some of our products are not permitted to be exported. In addition, in certain cases, U.S. export controls also severely limit unlicensed technical discussions, such as discussions with any persons who are not U.S. citizens or permanent residents, foreign nationals. As a result, in cases where we may need a license, our ability to compete against a non-U.S. domiciled foreign company that may not be subject to the same U.S. laws may be materially adversely affected. U.S. laws and regulations applicable to us include the Arms Export Control Act, the IEEPA, the ITAR, the EAR and the trade sanctions laws and regulations administered by the U.S. Treasury Department's OFAC. We are also subject to similar restrictions in the U.K. and other countries.
- We must comply with the FCPA and similar laws elsewhere - We are subject to the FCPA and other foreign laws prohibiting corrupt payments to government officials, which generally bar bribes or unreasonable gifts to foreign governments or officials. Violations of these laws or regulations could result in significant sanctions, including disgorgement of profits, fines, criminal sanctions against us, our officers, our directors, or our employees, more onerous compliance requirements, more extensive debarments from export privileges or loss of authorizations needed to conduct aspects of our international business. A violation of any of the regulations enumerated above could materially adversely affect our business, financial condition and results of operations. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. Although we have implemented policies and procedures designed to ensure compliance with these laws and regulations, there can be no assurance that our employees, contractors, agents, or subsidiaries will not commit acts that violate our policies, these laws

for which we may be ultimately held responsible. Additionally, changes in regulatory requirements which could restrict our ability to deliver services to our international customers, including the addition of a country to the list of sanctioned countries under the IIEPA or similar legislation could negatively impact our business. For the fiscal years ended July 31, 2023 July 31, 2024, 2022 2023 and 2021, 2022, we conducted no business with states designated as sponsors of terrorism.

32

- We must maintain a company-wide Office of Trade Compliance - In the past, we have self-reported violations of export control laws or regulations to the U.S. Department of State, Directorate of Defense Trade Controls ("DDTC"), DoC, OFAC and OFAC, similar regulatory authorities in the jurisdictions where we have operations, including His Majesty's Revenue & Customs ("HMRC") in the United Kingdom. In addition, we have made various commitments to U.S. government agencies that oversee trade and export matters and have committed that we will maintain certain policies and procedures including maintaining a company-wide Chief Trade Compliance Officer and Office of Trade Compliance and conducting ongoing internal assessment assessments and reporting of any future violations to those agencies. Even though we take precautions to avoid engaging in transactions that may violate U.S. export control laws or regulations and their foreign counterparts, including trade sanctions, those measures may not be effective in every instance. If it is determined that we have violated U.S. export control laws or regulations or trade regulations in any jurisdictions, civil and criminal penalties could apply, and we may suffer reputational harm.
- We are subject to future export compliance audits - We continue to implement policies and procedures to ensure that we comply with all applicable export control laws and regulations. We may be subject to future compliance audits that uncover improper or illegal activities that would subject us to material remediation costs, civil and criminal fines and/or penalties and/or an injunction. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us. Each of these outcomes could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial condition. The absence of comparable restrictions on competitors in other countries may adversely affect our competitive position. In addition, in order to ship our products into and implement our services in some countries, the products must satisfy the technical requirements of that particular country. If we were unable to comply with such requirements with respect to a significant quantity of our products, our sales in those countries could be restricted, which could have a material adverse effect on our business, results of operations and financial condition.

28

- We may be affected by the future imposition of tariffs and trade restrictions - The current U.S. administration has generally not amended the trade policies and tariffs on imported products from the prior administration, and has increased sanctions against Russia. Our inability to effectively manage the negative impacts of U.S. and foreign trade policies, including, in connection with our business with customers outside of the United States or with newly sanctioned entities could adversely affect our business and financial results.

A change in our relationship with our large wireless carrier customers could have a material adverse effect on our business, results of operations and financial condition.

Although we have a long history of providing services to many of our wireless carrier partners, a change in purchasing or procurement strategies by a wireless carrier partner could result in the loss of business from that partner. Additionally, from time to time, we routinely perform services without a multi-period contract while we negotiate new and extended contract terms and pricing. These negotiations are complex and may take long periods of time. Even when we successfully negotiate a multi-period contract, our wireless carrier contracts such as the ones with Verizon which collectively accounted for 10.6% of our sales in fiscal 2023, provide for terminations with notice and provide a mechanism for the wireless carrier to renegotiate lower fees and/or change services. Fee pressure from these carriers is constant and ongoing. Thus, even when we obtain a multi-period contract term, our revenues could be suddenly and materially reduced.

Competitors From time to time, competitors offer technology that has functionality similar to ours for free, under different business models. Competition from such free offerings may reduce our revenue and harm our business. If our wireless carrier partners or our competition can offer such technology to their subscribers or customers for free, they may elect to cease their relationships with us, alter or reduce the manner or extent to which they market or offer our services or require us to substantially reduce our subscription fees or pursue other business strategies that may not prove successful for us and could have a material adverse effect on our business, results of operations and financial condition.

33

If our wireless carrier partners change the pricing and other terms by which they offer our products to their end-customers or do not continue to provide our services at all or renegotiate lower fees with us, our business, results of operations, and financial condition could be suddenly and materially adversely affected.

We generate a significant portion of our revenue from customers that are wireless carriers. In addition, a portion of our revenue is derived from subscription fees that we receive from our wireless carrier partners for end-users who subscribe to our service on a standalone basis or in a bundle with other services. Future revenue will depend on the pricing and quality of those services and subscriber demand for those services, which may vary by market, and the level of subscriber turnover experienced by our wireless carrier partners. If subscriber turnover increases more than we anticipate, our financial results could be materially adversely affected.

Poor performance in or disruptions of the services included in our advanced communication solutions could harm our reputation, delay market acceptance of our services and subject us to liabilities (including breach of contract claims brought by our customers and third-party damages claims brought by end-users). Our wireless carrier agreements and certain customers require us to meet specific requirements including operational uptime requirements or be subject to penalties.

If we are unable to meet contractual requirements with our wireless carrier partners, they could terminate our agreements or we may be required to refund a portion of monthly subscriptions fees they have paid us.

Disputes with our subcontractors or key suppliers or their inability to deliver on a timely basis, could cause **unanticipated delays in our shipments.**

Our subcontractors and key suppliers are essential members of our team. Nevertheless, we may occasionally have commercial disputes with them (e.g., over the quality, timeliness or cost of their products) products or payment patterns in connection with rendered goods and services). As suppliers evaluate our financial condition on an ongoing basis, they may also take steps to revise payment terms (e.g., by requiring payment in advance of delivery or payment milestones) that may negatively impact the anticipated timing of components required for the assembly of our products or services rendered in support of our programs. Additionally, our subcontractors and suppliers may experience financial difficulties which may impact their ability to execute against their contractual commitments and delay or otherwise disrupt deliveries. In such instances, we may not receive the components or subsystems for which we have contracted. Taken together, each of the risks set forth herein may have a material adverse effect on our results of operations and financial condition.

External events outside our control may disrupt our supply chain. **With recent history in mind, natural** Natural disasters, pandemics, extreme weather conditions, legislative or regulatory changes may all impact the performance of our supplier base. Our subcontractors and suppliers may also, in turn, be unable to maintain the quality of the materials they receive from their respective suppliers.

29

Our reliance on a single partner to source critical parts (i.e., where we are unable to develop a critical redundant source of supply) may impair our ability to produce and deliver our products. This negative impact could be even greater where we are required to comply with sourcing requirements within our U.S. government contracts regarding the purchase of counterfeit or otherwise non-compliant parts or materials. In some instances, where we rely on supplier certifications of compliance with these laws and regulations, an improper or incomplete certification may adversely impact our production capability.

Our estimates regarding future warranty obligations may change based on a variety of factors, impacting future cost of revenue.

Our products are complex, and we cannot ensure that our extensive testing will detect all defects. Quality issues reported by our customers for products covered under warranty could adversely impact our reputation and negatively affect our operating results. If significant warranty obligations arise due to reliability or quality issues arising from such defects, our reputation and operating results could be negatively impacted.

34

Strategic Growth Risks

We face a number of risks relating to the expected long-term growth of our business. Our business and operating results may be negatively impacted if we are unable to manage this growth.

Our business is uniquely subject to certain risks related to its long term growth. These risks include:

- **We may not be ultimately successful in implementing our "One Comtech" transformation and integration of individual businesses into two segments** activities - The transformation pursuit of Comtech from stand-alone individual businesses toward a single "One Comtech" strategic alternatives and portfolio reshaping is a complex undertaking, requiring the consolidation of both manufacturing and back-office teams around the globe in parallel with a global re-branding effort. **undertaking.** Managing the merger disposition of multiple production facilities and their attending employee populations is difficult and may negatively impact business prospects in the short and long term. **Similarly,** Additionally, in the course of evaluating our re-branding portfolio, we determined that our Satellite and Space Communications reporting unit had an estimated fair value below its carrying value and concluded that our goodwill in this reporting unit was impaired, as noted in the "Impairment of the company as Comtech

risks damaging goodwill accumulated over decades long-lived assets, including goodwill" line item on our Consolidated Statements of operation as individual businesses. Operations.

- The loss of key technical and/or management personnel in the course of our restructuring could adversely affect our business - Our future success depends on The pursuit of strategic alternatives and reshaping of our portfolio businesses will require the continued contributions of key technical and management personnel. The management skills that have been appropriate for us in the past may not continue to be appropriate if we grow and diversify. Filling new positions may be difficult in the current competitive labor market. Moreover, many of our key and technical management personnel would be difficult to replace and are not subject to employment or non-competition agreements. We currently have research and development employees in areas that are located a great distance away from our U.S. headquarters and some work out of their respective homes. Managing remote product development operations is difficult and we may not be able to manage the employees in these remote centers successfully. Our expected growth and future success will depend, in large part, upon our ability to attract and retain highly qualified engineering, sales and marketing personnel. Competition for such personnel from other companies, academic institutions, government entities and other organizations is intense. Although we believe that we have been successful to date in recruiting and retaining key personnel, we may not be successful in attracting and retaining the personnel we will need to grow and operate profitably, especially in the current competitive labor market.
- We may not be able to improve our processes and systems to keep pace with anticipated growth - The future growth of our business may place significant demands on our managerial, operational, production and financial resources. In order to manage that growth, we must be prepared to improve and expand our management, operational and financial systems and controls, as well as our production capabilities. We also need to continue to recruit and retain personnel and train and manage our employee base. We must carefully manage research and development capabilities and production and inventory levels to meet product demand, new product introductions and product and technology transitions. If we are not able to timely and effectively manage our growth and maintain the quality standards required by our existing and potential customers, it could have an adverse effect on our business, results of operations and financial condition. Additionally, in light of various factors including but not limited to our announcement to pursue strategic alternatives, we have postponed and or re-prioritized certain initiatives (e.g., our drive toward an common company-wide ERP tool), which may result in certain inefficiencies and or increased costs in the future.
- Our markets are highly competitive and there can be no assurance that we can continue to compete effectively - The markets for our products are highly competitive. There can be no assurance that we will be able to continue to compete successfully on price or other terms, or that our competitors will not develop new technologies and products that are more effective than our own. We expect the DoD's increased use of commercial off-the-shelf products and components in military equipment will encourage new competitors to enter the market. Also, although the implementation of advanced telecommunications services is in its early stages in many developing countries, we believe competition will continue to intensify as businesses and foreign governments realize the market potential of telecommunications services. Many of our competitors have financial, technical, marketing, sales and distribution resources greater than ours. Recently, we have seen increased We continue to see requests for proposals from large wireless carriers for sole-source solutions and have responded to several such requests. In order to induce retention of existing customer contracts and obtain business on a sole-source basis, we may ultimately agree to adjust pricing on a retroactive basis. If our sole-source proposals are rejected in favor of a competitor's proposal, it could result in the termination of existing contracts, which could have a material adverse effect on our business, results of operations and financial condition.

30 35

- We may not be able to obtain sufficient components to meet expected demand - Our dependence on component availability, government furnished equipment, subcontractors and key suppliers, including the core manufacturing expertise of our high-volume technology manufacturing center located in Arizona exposes us to risk. Although we obtain certain components and subsystems from a single source or a limited number of sources, we believe that most components and subsystems are available from alternative suppliers and subcontractors. During the past four several years, partly driven by the COVID-19 pandemic and as a result of overall increased industry-wide demand, lead times for many components have increased as well as freight costs. In addition, threats of or actual tariffs, disruptions in shipping vessels having access to normal trade routes and/or unexpected port closures could limit our ability to obtain certain parts on a cost-effective basis, or at all. A significant interruption in the delivery of such items could have an adverse effect on our business, results of operations and financial condition. Similarly, if our high-volume technology manufacturing center located in Arizona is unable to produce sufficient product or maintain quality, it could have a material adverse effect on our business, results of operations and financial condition.
- Our ability to maintain affordable credit insurance may become more difficult - In the normal course of our business, we purchase credit insurance to mitigate some of our domestic and international credit risk. Although credit insurance remains generally available, upon renewal, it may become more expensive to obtain or may not be available for existing or new customers in certain international markets and it might require higher deductibles than in the past. If we acquire a company with a different customer base, we may not be able to obtain credit insurance for those sales. As such, there can be no assurance that, in the future, we will be able to obtain credit insurance on a basis consistent with our past practices.

Loss of our executive officers or other key personnel or other changes to our management team could disrupt our operations and growth plans or harm our business.

We depend on the efforts of our executive officers and certain key personnel. Any unplanned turnover or our failure to develop an adequate succession plan or business continuity plan for one or more of our executive officers, including our Chief Executive Officer ("CEO"), or other key positions could deplete our institutional knowledge base and erode our competitive advantage. In March 2024, we terminated our former President and CEO for cause due to conduct unrelated to Comtech's business strategy, financial results or previously filed financial statements and appointed John Ratigan, who was our Chief Corporate Development Officer, as interim CEO. Mr. Ratigan was appointed as President and

CEO on October 28, 2024, following a lengthy search process during which internal and external candidates were evaluated by a retained search firm and interviewed by our Board of Directors. Additionally, Maria Hedden, our Chief Operating Officer, resigned from the Company on September 13, 2024. The loss or limited availability of the services of one or more of our executive officers or other key personnel, or our inability to recruit and retain qualified executive officers or other key personnel in the future, could, at least temporarily, have an adverse effect on our operating results and financial condition. Leadership transitions can be inherently difficult to manage, and an inadequate transition may cause disruption to our business and growth plans, including to our relationships with our customers and employees.

We have incurred indebtedness under a **Credit Facility**, credit facility and an unsecured subordinated loan, and may incur substantial additional indebtedness in the future, and may not be able to service that debt in the future and we must maintain compliance with various covenants that impose restrictions on our business.

On October 31, 2018 June 17, 2024, we entered into a **First Amended and Restated Credit Agreement** (the "Credit Facility") new \$222.0 million credit facility with a syndicate of lenders.

On November 30, 2022 lenders (the "Credit Facility"). As of July 31, 2024, we refinanced the amount total borrowings outstanding under the Credit Facility by entering into a Second Amended and Restated Credit Agreement (also referred to herein as the "Credit Facility") with the existing lenders. The Credit Facility provides a senior secured loan facility of up to \$300.0 million consisting of: (i) a revolving loan facility ("Revolving Loan Facility") with a borrowing limit of \$150.0 million, including a \$20.0 million letter of credit sublimit and a swingline loan credit sublimit of \$15.0 million; (ii) a \$50.0 million term loan A ("Term Loan"); and (iii) an accordion feature allowing us to make a request to borrow up to an additional \$100.0 million subject to the satisfaction of specified conditions, including approval by our lenders.

As of July 31, 2023, the amount outstanding under our Credit Facility was \$164.4 million were \$194.2 million, of which \$4.4 million and \$160.0 million \$190.1 million is reflected in the current and non-current portion of long-term debt respectively, on our Consolidated Balance Sheet. As

Subsequent to year end, to enhance our liquidity while we pursue strategic alternatives, other restructuring related activities and the collection of July 31, 2023, our unbilled receivables, we also had \$1.0 million of standby letters of credit outstanding under amended our Credit Facility related to, guarantees of future performance on among other things, relax certain customer contracts.

Currently, the Credit Facility has financial and non-financial covenants. We also entered into a maturity date of October 31, 2024 ("Maturity Date"), which is approximately one year out from now. In anticipation of the upcoming Maturity Date, we engaged a third-party financial advisor to assist us with both the refinancing of our existing Credit Facility, as well as with our evaluation of other capital structure-related alternatives. In tandem with these activities, which we believe are nearing closure, we are also in discussions \$25.0 million senior subordinated unsecured loan agreement with our existing lenders preferred shareholders. See "Notes to amend Consolidated Financial Statements" included in "Part II - Item 8. Financial Statements and extend Supplementary Data" included in this Form 10-K, for further information.

On the Maturity Date of the Credit Facility, if needed to complete these important initiatives. However, we may not be successful in securing an amendment and extension of the Credit Facility or complete such refinancing activities by October 31, 2023, when the debt outstanding under our Credit Facility would become a short-term current liability.

31

At the Maturity Date of the Credit Facility, as it currently stands or as may be extended, if we do not have sufficient funds to repay our debt when due, it may be necessary to refinance our debt through additional debt or equity financings. If, at the time of any such refinancing, prevailing interest rates or other factors result in higher interest rates on such refinancing, increases in interest expense could have a material adverse effect on our business, results of operations and financial condition. In addition, if we are not able to obtain favorable terms pursuant to any such refinancing, the size of our Credit Facility could be reduced, more restrictive covenants could be imposed on our business and features of the existing Credit Facility could otherwise be altered or eliminated.

36

Our Credit Facility contains various affirmative and negative covenants that may restrict our ability to, among other things, incur additional indebtedness, permit liens on our property, change the nature of our business, transact business with affiliates and/or merge or consolidate with any other person or sell or convey certain of our assets to any one person.

We anticipate maintaining compliance with the terms and financial covenants in our Credit Facility for the foreseeable future, however, there can be no assurance that we will be able to meet these covenants.

Further, our ability to comply with covenants, terms of and conditions on our facility Credit Facility may be affected by events beyond our control. Failure to comply with covenants could result in an event of default, which, if not cured or waived, could accelerate our repayment obligations. obligations and permit the agents under the Credit Facility to enforce on the collateral pledged to the secured parties thereunder. Our substantial debt obligations could impede, restrict or delay the implementation of our business strategy or prevent us from entering into transactions that would otherwise benefit our business. For example:

- we may be required to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness, thereby reducing the availability of our cash flows for other purposes, including but not limited to business development efforts, capital expenditures, dividends (to the extent applicable) or strategic acquisitions;
- if we are not able to generate sufficient cash flows to meet our substantial debt service obligations or to fund our other liquidity needs, we may have to take actions such as selling assets or raising additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and joint ventures, restructuring our debt and other capital-intensive activities;
- we may not be able to fund future working capital, capital investments and other business activities;
- we may not be able to make certain other distributions;
- we may become more vulnerable in the event of a downturn in our business or a worsening of general economic or industry-specific conditions; and
- our flexibility in planning for, or reacting to, changes in our business and industry may be limited, thereby placing us at a competitive disadvantage compared to our competitors that have less indebtedness.

Moreover, we may incur substantial additional indebtedness in the future to fund acquisitions or to fund other activities for general business purposes. If additional new debt is added to the current or planned debt levels, or if we are unable to obtain financing on favorable terms, the related risks that we now face could intensify. A substantial increase in our indebtedness could also have a negative impact on our credit ratings. In this regard, failure to maintain our credit ratings could adversely affect the interest rate available to us in future financings, as well as our liquidity, competitive position and access to capital **markets, markets, including for bonding requirements**. Any decision regarding future borrowings will be based on the facts and circumstances existing at the time, including market conditions and our credit ratings.

32

The holders **Divestitures of portions** of our **Series A Preferred Convertible Stock** have a majority vote consent right over **business** in the course of pursuing strategic alternatives and revisiting our ability to amend, restate, or replace the Credit Facility on terms that are materially different to those of the Credit Facility or that adversely affect our ability to fulfill its repurchase obligations of the Series A Preferred Convertible Stock. If we need to amend, restate or replace the Credit Facility on materially different terms or terms adverse to the interests of the holders of our Series A Preferred Convertible Stock, and we are unable to obtain the consent of such holders, we may be unable to obtain required financing or liquidity on favorable terms, or at all.

Acquisitions of companies and investments **portfolio** could prove difficult to **integrate, carve out, disrupt our business, dilute stockholder value or adversely affect operating results or the market price of our common stock.**

We expect to **continue to evaluate other acquisitions** pursue strategic alternatives for our Terrestrial and **investments** as part of our growth plans. Such efforts may not result in an **acquisition** or ultimately be beneficial to us. **Wireless Networks** segment while evaluating further **portfolio** shaping opportunities.

Future **acquisitions or investments** **divestitures** may result in the use of significant amounts of cash, **potentially dilutive issuances of equity securities, incurrence of large amounts of debt,** increases to amortization expense and future write-offs of **the acquired** **intangibles.** **Acquisitions and investments** **Divestiture** related activities also involve risks that include failing to:

- **properly evaluate the technology, obtain competitive bids for our assets;**
- accurately forecast the financial impact of the transaction, including accounting charges and transaction expenses;
- **integrate the technologies, support** products and services, research and development, sales and marketing, support and other **operations; operations** during the pendency of **disposition activity;**
- **integrate and retain** key management personnel and other key employees; **and**
- **retain and cross-sell to acquired customers; and customers**
- **combine potentially different corporate cultures.** **Divestiture** activity could also:

37

Acquisitions and investments could also:

- divert management's attention away from the operation of our businesses;
- result in additional significant goodwill and intangibles write-offs in the event an acquisition or disposition negatively impacts our future results of operations and or investment does not meet expectations; cash flows; and
- increase expenses, including transaction expenses of managing associated with the growth of such acquired businesses. disposition.

There can be no assurance that any future acquisition or investment our pursuit of strategic alternatives will be successful within the anticipated time frame, or at all, will all. There can also be as valuable as the amount we pay to acquire it, and no assurance that such activity will not adversely affect our business, results of operations or financial condition. In addition, if we consummate future acquisitions using

After completing restructuring activities and related expenses, our equity securities or securities convertible into our equity securities, existing stockholders may be diluted, which could have a material adverse effect on the market price decision to cease operations of our common stock.

Foreign acquisitions and investments steerable antenna product line in Basingstoke, UK is expected to result in future annual cash savings relative to the past three fiscal years. If we are regularly subject to scrutiny by the U.S. government and its agencies, such as the Committee on Foreign Investment unsuccessful in the United States ("CFIUS") and the Defense Counterintelligence and Security Agency ("DCSA") negotiating termination liabilities with our customers or vendors, however, our UK entity may become insolvent and our role as a U.S. federal contractor escalates such scrutiny, in particular, assumptions with respect to compliance with industrial security requirements. Failure to comply with the requirements liquidity of the U.S. government could result in fines being imposed against us or our suspension for a period of time of authority to operate under certain government programs or from eligibility for bidding on, or for award of, new government contracts, which could have a material adverse effect on our business, results of Basingstoke operations and financial condition. may not materialize.

Our investments in recorded goodwill and other intangible assets could be further impaired as a result of future business conditions, a deterioration of the global economy or if we change our reporting unit structure. structure as we pursue strategic alternatives.

As of July 31, 2023 July 31, 2024, goodwill recorded on our Consolidated Balance Sheet aggregated \$347.7 million \$284.2 million. Additionally, as of July 31, 2023 July 31, 2024, net intangibles recorded on our Consolidated Balance Sheet aggregated \$225.9 million \$194.8 million.

33 Goodwill

For purposes of reviewing impairment and the recoverability of goodwill and other intangible assets, our Satellite and Space Communications and Terrestrial and Wireless Networks segments each constitute a reporting unit and we must make various assumptions in determining their estimated fair values. Reporting units are defined by how our Chief Executive Officer ("CEO") CEO manages the business, which includes resource allocation decisions. We may, in the future, change our management approach which in turn may change the way we define our reporting units, as such term is defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350 "Intangibles - Goodwill and Other." A change to our management approach may require us to perform an interim goodwill impairment test and possibly record impairment charges in a future period.

In accordance with FASB ASC 350, "Intangibles - Goodwill and Other," we perform a goodwill impairment analysis at least annually (in the first quarter of each fiscal year), unless indicators of impairment exist in interim periods. If we fail the quantitative assessment of goodwill impairment ("quantitative assessment"), we would be required to recognize an impairment loss equal to the amount that a reporting unit's carrying value exceeded its fair value; however, any loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

OnDuring the fourth quarter of fiscal year 2024, our lower-than-expected financial performance, cured default on certain credit facility covenants and sustained decrease in our stock price since August 1, 2023 (the first day were each considered triggering events requiring an interim quantitative impairment test as of our fiscal 2024), we performed our annual quantitative assessment and estimated the fair value of each of our reporting units using a combination of the income and market approaches, July 31, 2024. Based on our quantitative evaluation, we determined that our Satellite and Space Communications and Terrestrial and Wireless Networks reporting units unit had an estimated fair values value in excess of their its carrying values value of at least 18.3% and 8.9%, respectively, 24.7% and concluded that our goodwill in this reporting unit was not impaired. However, we determined that our Satellite and Space Communications reporting unit had an estimated fair value below its carrying value and concluded that neither our goodwill in this reporting unit was impaired. As a result, in the fourth quarter of fiscal 2024, we recognized a non-cash \$48,925,000 goodwill impairment charge in our two Satellite and Space Communications reporting units was at risk unit. Such loss is included in the "Impairment of failing long-lived assets, including goodwill" line item on our Consolidated Statements of Operations. Due to their proximity, the quantitative assessment. impairment test as of July 31, 2024 is deemed to satisfy our annual goodwill impairment test requirement as of August 1, 2024 (the first day of fiscal 2025).

It is possible that, during fiscal 2024 2025 or beyond, business conditions (both in the U.S. and internationally) could deteriorate from the current state, our current or prospective customers could materially postpone, reduce or even forgo purchases of our products and services to a greater extent than we currently anticipate, or our common stock price could further fluctuate.

A significant decline in our customers' spending that is greater than we anticipate or a shift in funding priorities may also have a negative effect on future orders, sales, income and cash flows and we might be required to perform a quantitative assessment during fiscal 2024 2025 or beyond. If assumed net sales and cash flow projections are not achieved in future periods or our common stock price significantly declines from current levels, our Satellite and Space Communications and Terrestrial and Wireless Networks reporting units could be at risk of failing the quantitative assessment and goodwill and intangibles assigned to the respective reporting units could be impaired.

Also, as announced on October 17, 2024, we are executing a strategy to transform Comtech into a pure-play satellite and space communications company. Ongoing and future actions supporting our transformation strategy include: an exploration of strategic alternatives for our Terrestrial and Wireless Networks segment, which is well underway; the pursuit of further portfolio-shaping opportunities to enhance profitability, efficiency and focus; and the implementation of additional operational initiatives to both achieve profitable results from operations as well as to align our go-forward cost structure with a pure-play focus on satellite and space communications. Such activities could result in a material impairment of our goodwill and/or intangible assets. See "Strategic Transformation" section above for more information.

In any event, we are required to perform the next annual goodwill impairment analysis on August 1, 2024 August 1, 2025 (the start of our fiscal 2025) 2026. If our assumptions and related estimates change in the future, or if we change our reporting unit structure or other events and circumstances change (e.g., a sustained decrease in the price of our common stock (considered on both absolute terms and relative to peers)), we may be required to record impairment charges when we perform these tests, or in other future periods. In addition

Net Intangibles with Finite Lives

Similar to our impairment analysis of goodwill, we also review the recoverability of our net intangibles with finite lives when whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of an event occurs indicating asset or asset group to be held and used is measured by a comparison of the potential carrying amount of an asset or asset group to the estimated undiscounted future cash flows expected to be generated by the asset or asset group. If the carrying amount of the asset or asset group exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset or asset group exceeds the fair value of the asset or asset group.

Accordingly, in addition to testing goodwill associated with our Satellite and Space Communications reporting unit for impairment, during the fourth quarter of fiscal year 2024, we also assessed the recoverability of the carrying values of our other long-lived assets, including identifiable intangible assets with finite useful lives. Such testing also considered our decision in the fourth quarter of fiscal year 2024 to cease our steerable antenna operations located in the United Kingdom. Based on our evaluation, we determined that the fair value of the asset group related to such operations was lower than its carrying value and recorded a non-cash \$15,600,000 long-lived asset impairment charge in our Satellite and Space Communications segment. Such loss is included in the "Impairment of long-lived assets, including goodwill" line item on our *Consolidated Statements of Operations*. Of the total amount, \$9,925,000 relates to net intangible assets with finite lives, \$1,151,000 relates to operating lease right-of-use assets, \$2,651,000 relates to property, plant and equipment and \$1,873,000 relates to other assets. We believe determined that the carrying values of our remaining net intangibles were recoverable as of July 31, 2023 July 31, 2024. Any impairment charges that we may record in the future could be material to our results of operations and financial condition.

34 39

Cybersecurity Risks

We could be negatively impacted by a system failure, lack of or failure of redundant system components, security breach through cyber-attack, cyber intrusion or otherwise, by other significant disruption of our IT networks or those we operate for certain customers, or third-party data center facilities, servers and related systems. If any such events occur, we may have to reimburse our customers for damages that they may have incurred, pay contract penalties, or provide refunds.

Similar We face risk of Cybersecurity threats ranging from, ransomware and denial-of-service, to attacks from more advanced and persistent, highly organized adversaries, including nation state actors, which target the defense industrial base and other critical infrastructure sectors are persistent. Our corporate information security organization, led by our Chief Information Security Officer ("CISO"), manages our overall information security strategy. The current CISO has extensive information technology experience and partners closely with our Technology, Innovation & Cyber Committee of the Board of Directors. More broadly, we routinely audit our systems and practices against the DFARS and proposed Cybersecurity Maturity Model Certification ("CMMC") program, DoD's cybersecurity requirements for handling government contracts and Controlled Unclassified Information ("CUI"), respectively. Nevertheless, similar to all companies in our industry, we are under constant cyber-attack and are subject to an ongoing risk of security breaches and disruptions of our IT networks and related systems, including third-party data center facilities, whether through actual breaches, cyber-attacks (including ransomware) or cyber intrusions via the Internet, malware, computer viruses, attachments to e-mails, persons inside our organization or persons with access to systems inside our organization. We also maintain databases with private information regarding our customers and our employees. Actual security breaches or disruption, particularly through cyber-attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, have increased in recent years and have become more complex. Our IT networks and systems, as well as third-party data center facilities, have been and, we believe will continue to be under constant attack. We face an added risk of a security breach or other significant disruption to certain of our equipment used on some of our customers' IT networks and related systems which may involve managing and protecting information relating to public safety agencies, wireless carriers as well as national security and other sensitive government functions. Many of our systems have, or are required to have, system redundancies and back-up; in some cases, we may not have sufficient redundancy and/or redundancy and/or back-ups may fail. We may incur significant costs to prevent and respond to system failures, failure of redundant system components, actual breaches, cyber-attacks and other systems disruptions.

As a communications company, and particularly as a government contractor and a provider of public safety and location technologies (including 911 hosted systems), we face a heightened risk of a security breach or disruption from actual breaches, cyber-attacks and other threats to gain unauthorized access to our and our customers' proprietary or classified information on our IT networks, third-party data center facilities and related systems and to certain of our equipment used on some of our customers' IT networks and related systems. These types of information, IT networks and related systems are critical to the operation of our business and essential to our ability to perform day-to-day operations, and, in some cases, are critical to the operations of certain of our customers. There can be no assurance that our security efforts and measures will be effective or that actual security breaches or disruptions will not be successful or damaging. Techniques used in such breaches and cyber-attacks are constantly evolving and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. In some cases, the resources of foreign governments may be behind such attacks. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is virtually impossible for us to entirely mitigate this risk.

A security breach or other significant disruption (including as a result of a lack of redundancy and/or failure of such redundancy) involving these types of information, IT networks and related systems could:

- Disrupt the proper functionality of these networks, data center facilities and systems and therefore our operations and/or those of certain of our customers;
- Result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of proprietary, confidential, sensitive or otherwise valuable information of ours or our customers, including **employee information**, trade secrets, which others could use to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes;
- Compromise national security and other sensitive government functions;
- Require significant management attention and resources to remedy the damage that results and delay progress on other business objectives;

40

- Require us to make payments to our customers to reimburse them for damages, pay them penalties or provide refunds; and
- Damage our reputation with our customers (particularly agencies of the U.S. government) and the public generally.

In addition, the cost of continually defending against cyber-attacks and actual breaches has increased in recent years and future costs and any or all of the foregoing could have a material adverse effect on our business, results of operations and financial condition. **For example, as vulnerability standards evolve, our customers may attempt to pass along development and certification costs to us even following the deployment of our products, which may negatively impact our financial performance.**

35

The measures we have implemented to secure information we collect and store or enable access to may be breached, which could cause us to breach agreements with our partners and expose us to potential investigation and penalties by authorities and potential claims for contract breach, product liability damages, credits, penalties or termination by persons whose information was disclosed.

We take reasonable steps to protect the security, integrity and confidentiality of the information we collect and store and to prevent unauthorized access to third-party data to which we enable access through our products, but there is no guarantee that inadvertent or unauthorized disclosure will not occur or that third parties will not gain unauthorized access despite our efforts. If such unauthorized disclosure or access does occur, we may be required to notify **regulators, customers and** persons whose information was disclosed or accessed under existing and proposed laws. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. In the event of such disclosure, we also may be subject to claims of breach of contract, investigation and penalties by regulatory authorities and potential claims by persons whose information was disclosed. If there is a security breach or if there is an inappropriate disclosure of any of these types of information, we could be exposed to investigations, litigation, fines and penalties. Remediation of and liability for loss or misappropriation of end user or employee personal information could have a material adverse effect on our business, results of operations and financial condition. Even if we were not held liable for such event, a security breach or inappropriate disclosure of personal, private or confidential information could harm our reputation and our relationships with current and potential customers and end users. Even the perception of a security risk could inhibit market acceptance of our products and services. We may be required to invest additional resources to protect against damage caused by any actual or perceived disruptions of our services. We may also be required to provide information about the location of an end user's mobile device to government authorities, which could result in public perception that we are providing the government with intelligence information and deter some end users from using our services. Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

Legal, Regulatory and Litigation Risks

Changes in U.S. federal, state and local and foreign tax law could adversely affect our business and financial condition.

The laws, rules, and regulations dealing with U.S. federal, state and local and foreign income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department. Changes to tax laws (which changes may have immediate and/or retroactive application) could adversely affect us or holders of our common stock. In recent years, many changes have been made to applicable tax laws and changes are likely to continue to occur in the future. It cannot be predicted whether, when, in what form, or with what effective dates, new tax laws may be enacted, or regulations and rulings may be enacted, promulgated or issued under existing or new tax laws, which could result in an increase in our tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law or in the interpretation thereof.

Our U.S. federal, state and local and foreign tax returns are subject to audit and a resulting tax assessment or settlement could have a material adverse effect on our business, results of operations and financial condition. Significant judgment is required in determining the provision for income taxes.

The final determination of tax examinations and any related litigation could be materially different than what is reflected in historical income tax provisions and accruals.

41

Our U.S. federal income tax returns for fiscal 2020 2021 through 2022 2023 are subject to potential future Internal Revenue Service ("IRS") audit. None of our state income tax returns prior to fiscal 2019 2020 are subject to audit. Although adjustments relating to past audits of our federal and state income tax returns were immaterial, a tax assessment or settlement for other periods or other jurisdictions that may be selected for future audit could have a material adverse effect on our business, consolidated results of operations and financial condition.

36

We may be subject to environmental liabilities.

We engage in manufacturing and are subject to a variety of local, state and federal laws and regulations relating to the storage, discharge, handling, emission, generation, manufacture and disposal of toxic or other hazardous substances used to manufacture our products. We are also subject to the Restriction of Hazardous Substance ("RoHS") directive which restricts the use of lead, mercury and other substances in electrical and electronic products. The failure to comply with current or future environmental requirements could result in the imposition of substantial fines, suspension of production, alteration of our manufacturing processes, cessation of operations or reputational damage that could have a material adverse effect on our business, results of operations and financial condition. In addition, the handling, treatment or disposal of hazardous substances by us or our predecessors may have resulted, or could in the future result, in contamination requiring investigation or remediation, or lead to other liabilities, any of which could have a material adverse effect on our business, results of operations and financial condition.

The success of our business is dependent on compliance with FCC rules and regulations and similar foreign, state and local laws and regulations.

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

- We must obtain various licenses from the FCC - We operate FCC licensed teleports that are subject to the Communications Act of 1934, as amended, or the FCC Act, and the rules and regulations of the FCC. We cannot guarantee that the FCC will grant renewals when our existing licenses expire, nor are we assured that the FCC will not adopt new or modified technical requirements that will require us to incur expenditures to modify or upgrade our equipment as a condition of retaining our licenses. We may, in the future, be required to seek FCC or other government approval if foreign ownership of our stock exceeds certain specified criteria. Failure to comply with these policies could result in an order to divest the offending foreign ownership, fines, denial of license renewal and/or license revocation proceedings against the licensee by the FCC, or denial of certain contracts from other U.S. government agencies.
- We are dependent on the allocation and availability of frequency spectrum - Adverse regulatory changes related to the allocation and availability of frequency spectrum and in the military standards and specifications that define the current satellite networking environment, could materially harm our business by: (i) restricting development efforts by us and our customers, (ii) making our current products less attractive or obsolete, or (iii) increasing the opportunity for additional competition. The increasing demand for wireless communications has exerted pressure on regulatory bodies worldwide to adopt new standards and reassign bandwidth for these products and services. The reduced number of available frequencies for other products and services and the time delays inherent in the government approval process of new products and services have caused, and may continue to cause, our customers to cancel, postpone or reschedule their installation of communications systems including their satellite, over-the-horizon microwave, or terrestrial line-of-sight microwave communication systems. This, in turn, could have a material adverse effect on our sales of products to our

customers. Changes in, or our failure to comply with, applicable laws and regulations could materially adversely harm our business, results of operations, and financial condition.

- Our future growth is dependent, in part, on developing NG-911 compliant products - The FCC requires that certain location information be provided to network operators for public safety answering points when a subscriber makes a 911 call. Technical failures, greater regulation by federal, state or foreign governments or regulatory authorities, time delays or the significant costs associated with developing or installing improved location technology could slow down or stop the deployment of our mobile location products. If deployment of improved location technology is delayed, stopped or never occurs, market acceptance of our products and services may be materially adversely affected. Because we rely on some third-party location technology instead of developing all of the technology ourselves, we have little or no influence over its improvement. The technology employed with NG-911 services generally anticipates a migration to internet-protocol ("IP") based communication. Since many companies are proficient in IP-based communication protocols, the barriers to entry to providing NG-911 products and services are lower than for traditional switch-based protocols. If we are unable to develop unique and proprietary solutions that are superior to and/or more cost effective than other market offers, our 911 business could get replaced by new market entrants, resulting in a material adverse effect on our business, results of operations and financial condition.

- Under the FCC's mandate, our 911 and emerging 988 businesses are dependent on state and local governments - Under the FCC's mandate, wireless carriers are required to provide 911 services only if state and local governments request the service. As part of a state or local government's decision to request 911, they have the authority to develop cost recovery mechanisms. However, cost recovery is no longer a condition to wireless carriers' obligation to deploy the service. If state and local governments do not widely request that 911 services be provided or we become subject to significant pressures from wireless carriers with respect to pricing of 911 services, our 911 business would be harmed and future growth of our business would be reduced. On May 17, 2023,

Over the past two years, the 988 Suicide & Crisis Lifeline has seen both growth and challenges as it continues to be rolled out across the U.S. Department The U.S. federal government has allocated significant funding to this initiative, with over \$432.0 million earmarked for expanding services, including regional call centers and crisis intervention teams. This funding is aimed at distributing emergency-type communications more efficiently, by providing a direct response for mental health crises. Some states, like Michigan, have launched their own versions of Health 988 services with additional state and Human Services, through federal support.

However, despite these efforts, the Substance Abuse system is still far from fully optimized. Challenges include staffing shortages, particularly for behavioral health professionals, and Mental Health Services Administration announced \$200.0 million in new the need for technological improvements like georouting to better connect callers with the appropriate local services. Some states are also exploring sustainable funding models, such as implementing 988 surcharges similar to those used for states, territories and tribes 911 services, to build local 988 capacity. This follows an initial \$432.0 million investment by ensure long-term viability.

At the federal government level, the 988 Implementation Act introduced in July 2022 2023 seeks to support expand access further by requiring health insurance plans to cover crisis services and addressing gaps in care for populations like those on Medicare. This law is expected to enhance the transition reach and effectiveness of the lifeline by building out a more comprehensive mental health response infrastructure tailored to 988 each community's needs.

Despite these advancements, experts note that the system will take years to fully optimize as it contends with both logistical and build up crisis center capacity. Our ability workforce challenges across the country. Some local initiatives, like those in Michigan, are already seeing increased call volumes and struggling to develop this aspect of our business keep pace with the demand, particularly for youth mental health services.

Overall, the lifeline is highly dependent on seen as a critical step in improving mental health responses, but it faces significant hurdles in achieving full efficacy in the deployment of this federal funding. coming years. If deployment of those funds is delayed, stopped or never occurs, our results of operations or financial condition in future periods could be materially and adversely affected.

Regulation of the mobile communications industry and VoIP is evolving, and unfavorable changes or our failure to comply with existing and potential new legislation or regulations could harm our business and operating results.

As the mobile communications industry continues to evolve, we believe greater regulation by federal, state or foreign governments or regulatory authorities is likely and we face certain risks including:

- We must adhere to existing and potentially new privacy rules - We believe increased regulation is likely in the area of data privacy, and laws and regulations applying to the solicitation, collection, processing or use of personal or consumer information could affect our customers' ability to use and share data, potentially reducing our ability to utilize this information in the resale of certain of our products. In order for mobile location products and services to function properly, wireless carriers must locate their subscribers and store information on each subscriber's location. Although data regarding the location of the wireless user resides only on the wireless carrier's systems, users may not feel comfortable with the idea that the wireless carrier knows and can track their location. Carriers will need to obtain subscribers' permission to gather and use the subscribers' personal information, or they may not be able to provide customized mobile location services which those subscribers might otherwise desire. If subscribers view mobile location services as an annoyance or a threat to their privacy, that could reduce demand for our products and services and have a material adverse effect on our business, results of operations and financial condition.

Over the past several years, there have been a number of laws and regulations enacted that affect companies conducting business on the Internet, including the European General Data Protection Regulation ("GDPR"). The GDPR imposes certain privacy related requirements on companies that receive or process personal data of residents of the European Union that are currently different than those in the United States and include significant penalties for non-compliance. Similarly, there are a number of state privacy laws, as well as legislative proposals in the United States, at both the federal and state level, that could impose new obligations in areas affecting our business, such as liability for personal data protection. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services. Our costs to comply with the GDPR as well any other similar laws and regulations that emerge may negatively impact our business.

- We may face increased compliance costs in connection with health and safety requirements for mobile devices - If wireless handsets pose health and safety risks, we may be subject to new regulations and demand for our products and services may decrease. Media reports have suggested that certain radio frequency emissions from wireless handsets may be linked to various health concerns, including cancer, and may interfere with various electronic medical devices, including hearing aids and pacemakers. Concerns over radio frequency emissions may have the effect of discouraging the use of wireless handsets, which would decrease demand for our services. In recent years, the FCC and foreign regulatory agencies have updated the guidelines and methods they use for evaluating radio frequency emissions from radio equipment, including wireless handsets. In addition, interest groups have requested that the FCC investigate claims that wireless technologies pose health concerns and cause interference with airbags, hearing aids and other medical devices. There also are some safety risks associated with the use of wireless handsets while driving. Concerns over these safety risks and the effect of any legislation that may be adopted in response to these risks could limit our ability to market and sell our products and services, which could negatively impact our business, consolidated results of operations and financial condition.

38

- The regulatory environment for VoIP services is developing - The FCC has determined that VoIP services are not subject to the same regulatory scheme as traditional wireline and wireless telephone services. If the regulatory environment for VoIP services evolves in a manner other than the way we anticipate, our 911 business would be significantly harmed and future growth of our business would be significantly reduced. For example, the regulatory scheme for wireless and wireline service providers requires those carriers to allow service providers such as us to have access to certain databases that make the delivery of a 911 call possible. No such requirements exist for VoIP service providers, so carriers could prevent us from continuing to provide VoIP 911 service by denying us access to the required databases.

44

Ongoing compliance with the provisions of securities laws, related regulations and financial reporting standards could unexpectedly materially increase our costs and compliance related expenses.

Because we are a publicly traded company, we are required to comply with provisions of securities laws, related regulations and financial reporting standards. Because securities laws, related regulations and financial reporting standards pertaining to our business are relatively complex, our business faces increased risks including the following:

- If we identify Our costs will likely increase as a result of our identification of material weakness in the future, weaknesses within our costs may unexpectedly increase control environment - Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and related SEC rules, we are required to furnish a report of management's assessment of the effectiveness of our internal controls as part of our Form 10-K. Our independent registered public accountants are required to attest to and provide a separate opinion. To issue our report, we document our internal control design and the testing processes that support our evaluation and conclusion, and then we test and evaluate the results. See "Part II - Item 9A Controls and Procedures" for information related to the material weaknesses that we identified as of July 31, 2024. There can be no assurance however, that we will be able to remediate the material weaknesses if any, that may be we have identified, in future periods, or maintain all of the controls necessary for

continued compliance. There likewise can be no assurance that we will be able to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies.

- **Stock-based compensation accounting standards could negatively impact our stock** - Since our inception, we have used stock-based awards as a fundamental component of our employee compensation packages. We believe that stock-based awards directly motivate our employees to maximize long-term stockholder value and, through the use of long-term vesting, encourage employees to remain with us. We apply the provisions of ASC 718, "Compensation - Stock Compensation," which requires us to record compensation expense in our statement of operations for employee and director stock-based awards using a fair value method. In the first quarter of fiscal 2018, we adopted FASB ASU No. 2016-09 which modified certain aspects of ASC 718, including the requirement to recognize excess tax benefits and shortfalls in the income statement. The ongoing application of this standard will have a significant effect on our reported earnings, and could adversely impact our ability to provide accurate guidance on our future reported financial results due to the variability of the factors used to estimate the value of stock-based awards (including long-term performance shares which are subject to the achievement of three-year goals which are based on several performance metrics). The ongoing application of this standard could impact the future value of our common stock and may result in greater stock price volatility. To the extent that this accounting standard makes it less attractive to grant stock-based awards to employees, we may incur increased compensation costs, change our equity compensation strategy or find it difficult to attract, retain and motivate employees, each of which could have a material adverse effect on our business, results of operations and financial condition.

Also, as further discussed in "Notes to Consolidated Financial Statements - Note (1) - Summary of Significant Accounting and Reporting Policies" included in "Part II - Item 8. Financial Statements and Supplementary Data," included in this Form 10-K, the accounting rules and regulations that we must comply with are complex and are continually changing in ways that could materially impact our financial statements. We must comply with these new rules on a go-forward basis. Because of the uncertainties of the estimates, judgments and assumptions associated with new accounting standards, as well as with any future guidance or interpretations related to them, we may incur additional costs and cannot provide any assurances that we will be able to comply with such complex rules.

39

Our costs to comply with the aforementioned and other regulations continue to increase and we may have to add additional accounting staff, engage consultants or change our internal practices, standards and policies which could significantly increase our costs to comply with ongoing or future requirements. In addition, the Nasdaq Stock Market LLC ("Nasdaq") routinely changes its requirements for companies, such as us, that are listed on Nasdaq. These changes (and potential future changes) have increased and may increase our legal and financial compliance costs, including making it more difficult and more expensive for us to obtain director and officer liability insurance or maintain our current liability coverage. We believe that these new and proposed laws and regulations could make it more difficult for us to attract and retain qualified members of our Board of Directors, particularly to serve on our Audit Committee, and qualified executive officers.

45

Our management has concluded that our disclosure controls and procedures were not effective as of July 31, 2024 due to material weaknesses in internal control over financial reporting. If we are unable to maintain an effective system of disclosure controls and procedures and internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and financial results.

After consultation with our independent registered public accounting firm and our management team, our audit committee concluded that we: (a) lacked a sufficient complement of resources with an appropriate level of knowledge and experience to establish effective process and controls. As a result, we identified a material weakness in our internal control over financial reporting. The control environment material weakness contributed to other material weaknesses within our system of internal control over financial reporting at the control activity level, where we did not design and implement effective control activities, including controls related to revenue, inventory and other assets. Deficiencies in control activities contributed to accounting errors and the potential for there to have been material accounting errors within revenue, inventory and other assets.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

If we identify any new material weaknesses in the future, any such newly identified material weakness could limit our ability to prevent or detect a misstatement of our accounts or disclosures that could result in a material misstatement of our annual or interim financial statements. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting and our stock price may decline as a result. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future material weaknesses.

Indemnification provisions in our contracts could have a material adverse effect on our consolidated results of operations, financial position, or cash flows.

In the ordinary course of business, we include indemnification provisions in certain of our customer contracts. Pursuant to these agreements, we have agreed to indemnify, hold harmless and reimburse the indemnified party for losses suffered or incurred by the indemnified party, including but not limited to losses related to third-party intellectual property claims. Some customers seek indemnification under their contractual arrangements with us for claims and other costs associated with defending lawsuits alleging infringement of patents through their use of our products and services, and the use of our products and services in combination with products and services of other vendors.

In some cases, we have agreed to assume the defense of the case. In others, we will negotiate with these customers in good faith because we believe our technology does not infringe the cited patents or due to specific clauses within the customer contractual arrangements that may or may not give rise to an indemnification obligation. It is not possible to determine the maximum potential amount we may spend under these agreements due to the unique facts and circumstances involved in each particular agreement.

Our assessments related to indemnification provisions are based on estimates and assumptions that have been deemed reasonable by management, but that may prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions. Therefore, it is possible that an unfavorable resolution of one or more of these matters could have a material adverse effect on our consolidated financial statements in a future period.

We are, from time to time, and could become a party to additional litigation or subject to claims, including product liability claims, current and former employee claims, government investigations and other proceedings that could cause us to incur unanticipated expenses and otherwise have a material adverse effect on our business, results of operations and financial condition.

We are, from time to time, involved in commercial disputes and civil litigation relating to our businesses.

Our agreements with customers may require us to indemnify such customers. Direct claims against us or claims against our customers may relate to defects in or non-conformance of our products, or our own acts of negligence and non-performance. Occasionally, we are called upon also to provide information in connection with litigation involving other parties or government investigations. Product liability and other forms of insurance are expensive and may not be available in the future.

46

We cannot be sure that we will be able to maintain or obtain insurance coverage at acceptable costs or in sufficient amounts or that our insurer will not disclaim coverage as to a future claim. In many cases, we are unable to obtain insurance and are self-insured. Any such claim, including any out of pocket payments we are required to make and the costs of the defense against such claim, could result in material costs and have an adverse effect on our business, results of operations and financial condition.

For additional information related to these lawsuits, see "Notes to Consolidated Financial Statements - Note (12)(13)(a) - Commitments and Contingencies - Legal Proceedings and Other Matters" included in "Part II - Item 8. Financial Statements and Supplementary Data," included in this Form 10-K.

40

Protection of our intellectual property is limited and pursuing infringers of our patents and other intellectual property rights can be costly.

Our businesses rely, in large part, upon our proprietary scientific and engineering know-how and production techniques. We rely on a combination of patent, copyright, trademark, service mark, trade secret and unfair competition laws, restrictions in licensing agreements, confidentiality provisions and various other contractual provisions to protect our intellectual property and related proprietary rights, but these legal means provide only limited protection. We cannot guarantee that our issued and acquired patents will be upheld if challenged by another party. Additionally, with respect to any patent applications which we have filed, we cannot guarantee that any patents will be issued as a result of these applications.

The departure of any of our key management and technical personnel, the breach of their confidentiality and non-disclosure obligations to us or the failure to achieve our intellectual property objectives could have an adverse effect on our business, results of operations and financial condition. Our ability to compete successfully and achieve future revenue growth will depend, in part, on our ability to protect our proprietary technology and operate without infringing upon the rights of others. We may fail to do so. In addition, the laws of certain countries in which our products are or may be sold may not protect our products or intellectual property rights to the same extent as the laws of the U.S.

Our ability to protect our intellectual property rights is also subject to the terms of future government contracts. We cannot assure you that the federal government will not demand greater intellectual property rights or restrict our ability to disseminate intellectual property. We are also a member of standards-setting organizations and have agreed to license some of our intellectual property to other members on fair and reasonable terms to the extent that the license is required to develop non-infringing products.

Pursuing infringers of our proprietary rights could result in significant litigation costs, and any failure to pursue infringers could result in our competitors utilizing our technology and offering similar products, potentially resulting in loss of a competitive advantage and decreased revenues. Despite our efforts to protect our proprietary rights, existing patent, copyright, trademark and trade secret laws afford only limited protection. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as do the laws of the U.S. Protecting our know-how is difficult especially after our employees or those of our third-party contract service providers end their employment or engagement. Attempts may be made to copy or reverse-engineer aspects of our products or to obtain and use information that we regard as proprietary. Accordingly, we may not be able to

prevent the misappropriation of our technology or prevent others from developing similar technology. Furthermore, policing the unauthorized use of our products is difficult and expensive. Litigation may be necessary in the future to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. The costs and diversion of resources could significantly harm our business. If we fail to protect our intellectual property, we may not receive any return on the resources expended to create the intellectual property or generate any competitive advantage based on it.

Third parties may claim we are infringing their intellectual property rights and we could be prevented from selling our products, or suffer significant litigation expense, even if these claims have no merit.

Our competitive position is driven in part by our intellectual property and other proprietary rights. Third parties, however, may claim that we, our products, operations or any products or technology we obtain from other parties are infringing their intellectual property rights, and we may be unaware of intellectual property rights of others that may impact some of our assets, technology and products.

47

From time to time our customers are parties to allegations of intellectual property infringement claims based on our customers' incorporation and use of our products and services, which may lead to demands from our customers for us to indemnify them for costs in defending those allegations. Any litigation regarding patents, trademarks, copyrights or intellectual property rights, even those without merit, and the related indemnification demands of our customers, can be costly and time consuming, and divert our management and key personnel from operating our business. The complexity of the technology involved, and inherent uncertainty and cost of intellectual property litigation increases our risks. If any third party has a meritorious or successful claim that we are infringing its intellectual property rights, we may be forced to change our products or enter into licensing arrangements with third parties that may include payment of a reasonable royalty, which may be costly or impractical. This also may require us to stop selling our products as currently engineered, which could harm our competitive position. We also may be subject to significant damages or injunctions that prevent the further development and sale of certain of our products or services and may result in a material loss of revenue.

41

From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their products. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software. Some open source licenses contain requirements that we make available source code for modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. If we combine our proprietary software products with open source software in a certain manner, we could under certain of the open source licenses, be required to release our proprietary source code. Open source license terms may be ambiguous and many of the risks associated with usage of open source software cannot be eliminated, and could if not properly addressed, negatively affect our business. If we were found to have inappropriately used open source software, we may be required to release our proprietary source code, re-engineer our products and client applications, discontinue the sale of our products or services in the event re-engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our development efforts, any of which could adversely affect our business, results of operations, and financial condition.

Competitive Risks

All of our business activities are subject to rapid technological change, new entrants, the introduction of other distribution models and long development and testing periods each of which may harm our competitive position, render our product or service offerings obsolete and require us to continuously develop technology and/or obtain licensed technology in order to compete successfully.

We are engaged in business activities characterized by rapid technological change, evolving industry standards, frequent new product announcements and enhancements, and changing customer demands. The introduction of products and services or future industry standards embodying new technologies such as multi-frequency time division multiple access ("MF-TDMA") based technologies and approaches could render any of our products and services obsolete or non-competitive. New satellite operators such as Starlink have driven significant changes in the way communications equipment is procured, and may further disrupt our markets. The introduction of optical communications technology, including from satellite to satellite and satellite to ground, as well as potential offerings for satellite / cellular direct connectivity, may impact our future business. The successful execution of our business strategy is contingent upon wireless network operators launching and maintaining mobile location services, our ability to maintain a technically skilled development and engineering team, our ability to create new network software products and adapt our existing products to rapidly changing technologies, industry standards and customer needs. As a result of the complexities inherent in our product offerings, new technologies may require long development and testing periods. Additionally, new products may not achieve market acceptance or our competitors could develop alternative technologies that gain broader market acceptance than our products. If we are unable to develop and introduce technologically advanced products that respond to evolving industry standards and customer needs, or if we are unable to complete the development and introduction of these products on a timely and cost effective basis, it could have a material adverse effect on our business, results of operations and financial condition or could result in our technology becoming obsolete.

New entrants seeking to gain market share by introducing new technology and new products may make it more difficult for us to sell our products and services and could create increased pricing pressure, reduced profit margins, increased sales and marketing expenses, or the loss of market share or expected market share, any of which could have a

material adverse effect on our business, results of operations and financial condition. For example, many companies are developing new technologies and the shift towards open standards such as IP-based satellite networks will likely result in increased competition and some of our products may become commoditized as a result.

48

Our Terrestrial and Wireless Networks segment provides various technologies that are utilized on mobile phones, devices. Applications from competitors for location-based or text-based messaging platforms may be preloaded on mobile devices by original equipment manufacturers, or OEMs, or offered by OEMs directly. Increased competition from providers of location-based services which do not rely on a wireless carrier may result in fewer wireless carrier subscribers electing to purchase their wireless carrier's branded location-based services, which could harm our business and revenue. In addition, these location-based or text-based services may be offered for free or on a one-time fee basis, which could force us to reduce monthly subscription fees or migrate to a one-time fee model to remain competitive. We may also lose end users or face erosion in our average revenue per user if these competitors deliver their products without charge to the consumer by generating revenue from advertising or as part of other applications or services.

Our expected growth and our financial position depends on, among other things, our ability to keep pace with such changes and developments and to respond to the increasing variety of electronic equipment users and transmission technologies. We may not have the financial or technological resources to keep pace with such changes and developments or be successful in our research and development and we may not be able to identify and respond to technological improvements made by our competitors in a timely or cost-effective fashion. Any delays could result in increased costs of development or redirect resources from other projects. In addition, we cannot provide assurances that the markets for our products, systems, services or technologies will develop as we currently anticipate. The failure of our products, systems, services or technologies to gain market acceptance could significantly reduce our net sales and harm our business.

42

Our business is highly competitive, we are reliant upon the success of our partners, and some of our competitors have significantly greater resources than we do, which could result in a loss of customers, market share and/or market acceptance.

Our business is highly competitive. We will continue to invest in research and development for the introduction of new and enhanced products and services designed to improve capacity, data processing rates and features. We must also continue to develop new features and to improve functionality of our software. Research and development in our industry is complex, expensive and uncertain. We believe that we must continue to dedicate a significant amount of resources to research and development efforts to maintain our competitive position. If we continue to expend a significant amount of resources on research and development, but our efforts do not lead to the successful introduction of product and service enhancements more quickly than our competitors that are competitive in the marketplace, our business, results of operations and financial condition could be materially adversely affected.

Several of our potential competitors are substantially larger than we are and have greater financial, technical and marketing resources than we do. In particular, larger competitors have certain advantages over us which could cause us to lose customers and impede our ability to attract new customers, including: larger bases of financial, technical, marketing, personnel and other resources; more established relationships with wireless carriers and government customers; more funds to deploy products and services; and the ability to lower prices of (or not charge any price for) competitive products and services because they are selling larger volumes. Furthermore, we cannot be sure that our competitors will not develop competing products, systems, services or technologies that gain market acceptance in advance of our products, systems, services or technologies, or that our competitors will not develop new products, systems, services or technologies that cause our existing products, systems, services or technologies to become non-competitive or obsolete, which could adversely affect our results of operations.

Our Terrestrial and Wireless Networks segment provides public safety and location technologies to various state and local municipalities and to a large extent, we are reliant on the success of our wireless partners and distributors to meet our growth objectives. In some cases, our wireless partners may have different objectives, or our distributors may not be successful. We also began an evaluation and repositioning of certain of our location technology solutions within our Terrestrial and Wireless Networks segment in order to focus on providing higher-margin solution offerings and increase our penetration into the public safety space. To date, we have ceased offering certain location technology solutions, have worked with customers to wind-down certain legacy contracts and have not renewed certain contracts. Going forward, we intend to continue to work with our partners and expand our direct and indirect sales and distribution channels in this area. If we are not successful in doing so, we may not be able to achieve our long-term business goals.

49

We rely upon various third-party companies and their technology to provide services to our customers and if we are unable to obtain such services at reasonable prices, or at all, our gross margins and our ability to provide the services of our wireless applications business could be materially adversely affected.

We rely on various third-party companies and their technology in our business. Risks from our reliance with these third parties include:

- The loss of mapping and third-party content - The wireless data services provided to our customers are dependent on real-time, continuous feeds from map data, points of interest data, traffic information, gas prices, theater, event and weather information from vendors and others. Any disruption of this third-party content from our satellite feeds or backup landline feeds or other disruption could result in delays in our subscribers' ability to receive information. We obtain this data that we sell to our customers from companies owned by current and potential competitors, who may act in a manner that is not in our best interest. If our suppliers of this data or content were to enter into exclusive relationships with other providers of location-based services or were to discontinue providing such information and we were unable to replace them cost effectively, or at all, our ability to provide the services of our wireless applications business would be materially adversely affected. Our gross margins may also be materially adversely affected if the cost of third-party data and content increases substantially.

43

- Third-party data centers or third-party networks may fail - Many products and services of our advanced communication solutions, in particular our public safety and location technology solutions, are provided through a combination of our servers, which are hosted at third-party data centers, and on the networks, as well as within the data centers of our wireless carrier partners. Our business relies to a significant degree on the efficient and uninterrupted operation of the third-party data centers, customer data centers, and cloud providers we use. Network failures, disruptions or capacity constraints in our third-party data center facilities or in our servers maintained at their location could affect the performance of the products and services of our wireless applications and 911 business and harm our reputation and our revenue. The ability of our subscribers (or those of our customers) to receive critical location and business information requires timely and uninterrupted connections with our wireless network carriers. Any disruption from our satellite feeds or backup landline feeds could also result in delays in our subscribers' ability to receive information.
- We must integrate our technologies and routinely upgrade them - We may not be able to upgrade our location services platform to support certain advanced features and functionality without obtaining technology licenses from third parties. Obtaining these licenses may be costly and may delay the introduction of such features and functionality, and these licenses may not be available on commercially favorable terms, or at all. Problems and delays in development or delivery as a result of issues with respect to design, technology, licensing and patent rights, labor, learning curve assumptions, or materials and components could prevent us from achieving contractual obligations. In addition, our products cannot be tested and proven in all situations and are otherwise subject to unforeseen problems. The inability to offer advanced features or functionality, or a delay in our ability to upgrade our location-based services platform, may materially adversely affect demand for our products and services and, consequently, have a material adverse effect on our business, results of operations and financial condition.
- We rely upon "open-source" software - We have incorporated some types of open-source software into our products, allowing us to enhance certain solutions without incurring substantial additional research and development costs. Thus far, we have encountered no unanticipated material problems arising from our use of open-source software. However, as the use of open-source software becomes more widespread, certain open-source technology could become competitive with our proprietary technology, which could cause sales of our products to decline or force us to reduce the fees we charge for our products, which could have a material adverse effect on our business, results of operations and financial condition.

Because our software may contain defects or errors, and our hardware products may incorporate defective components, our sales could decrease if these defects or errors adversely affect our reputation or delay shipments of our products.

Products as complex as ours are likely to contain undetected errors or defects, especially when first introduced or when new versions are released. Software products, such as our 911 call handling software solutions, must meet stringent customer technical requirements and we must satisfy our warranty obligations to our customers. Our hardware products are also subject to warranty obligations and integrate a wide variety of components from different vendors.

50

Our products including software may not be error or defect free after delivery to customers, which could damage our reputation, cause revenue losses, result in the rejection of our products or services, divert development resources and increase service and warranty costs, each of which could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to our Common Stock

Our stock price is volatile.

The stock market in general and the stock prices of technology-based companies, in particular, experience extreme volatility that often is unrelated to the operating performance of any specific public company. The market price of our common stock has fluctuated significantly in the past and is likely to fluctuate significantly in the future as well. Factors that

could have a significant impact on the market price of our stock include, among others:

- strategic transactions, such as acquisitions and ~~divestitures~~ by us and our competitors;
- our ability to successfully integrate and manage ~~recent acquisitions~~ acquisitions or unwind and manage divestitures;
- our issuance of potentially dilutive equity or equity-type securities;
- our issuance of ~~debt or refinancing our debt~~;
- our ability to successfully access equity and debt capital markets;
- future announcements concerning us or our competitors;
- shareholder activism involving our common stock, board of directors or corporate governance;

44

- receipt or non-receipt of substantial orders for products and services;
- quality deficiencies in services or products;
- results of technological innovations and new commercial products;
- changes in ~~our own outlook~~ or recommendations of securities analysts;
- government regulations;
- changes in the status or outcome of government audits;
- proprietary rights or product or patent litigation;
- changes in U.S. government policies;
- changes in economic conditions generally, particularly in the terrestrial and wireless networks and satellite and space communications markets;
- changes in securities market conditions, generally;
- changes in prevailing interest rates;
- changes in the status of litigation and legal matters (including changes in the status of export matters);
- cyber attacks;
- energy blackouts;
- acts of terrorism or war;
- inflation or deflation;
- rumors or allegations regarding our financial disclosures or practices;
- ~~our ability to timely file documents required by the SEC within prescribed time periods~~; and
- ~~potential resurgences of the COVID-19 or similar global pandemics~~.

Shortfalls in our sales or earnings in any given period relative to the levels expected by securities analysts could immediately, significantly and adversely affect the trading price of our common stock.

Future issuances of our shares of common stock could dilute a stockholder's ownership interest in Comtech and reduce the market price of our shares of common stock.

In addition to potential issuances of our shares of common stock associated with acquisitions, in the future, we may issue additional securities to raise capital. We may also acquire interests in other companies by using a combination of cash and our common stock or just our common stock. We may also issue securities convertible into our common stock. Any of these events may dilute a stockholder's ownership interest in Comtech and have an adverse impact on the price of our common stock.

51

Actions of activist stockholders could impact the pursuit of our business strategies and adversely affect our results of operations, financial condition and/or share price.

Our Board of Directors and management team value constructive input from investors, regularly engage in dialogue with our stockholders, and are committed to acting in the best interests of all of our stockholders; however, we have been, and may in the future be, subject to actions, campaigns, or proposals that may not align with our business strategies or the interests of our other stockholders. Accordingly, However, there is no assurance that the actions taken by the Board of Directors and management team in seeking to maintain constructive engagement with certain stockholders will be successful in preventing the occurrence of stockholder activist campaigns. Such campaigns may not align with our business strategies or what the Board of Directors believes is in the best interest of all of our stockholders.

Campaigns by activist stockholders to effect changes at publicly traded companies often demand can result in different types of demands, such as that companies undertake or pursue financial restructuring, increase debt, issue special dividends, repurchase shares, or undertake sales of assets or other transactions, including strategic transactions.

Campaigns may also be initiated by activist stockholders advocating for particular environmental or social causes. Activist stockholders who disagree with the composition of a company's board of directors, or with its strategy and/or management leadership often seek to involve themselves or their designees in the governance and strategic direction of a company through various activities. As discussed elsewhere activities, including the nomination of director candidates.

In September 2024, Michael Porcelain, a former Chief Executive Officer and President of the Company, nominated a group of eight candidates to stand for election at our fiscal 2024 annual meeting of stockholders. During the course of our Board's discussions with Mr. Porcelain and in this report, we have been, public communications, Mr. Porcelain has made certain proposals for our Board's consideration regarding the composition of the Board and may in the future be, subject management team. We expect to activities continue to engage with Mr. Porcelain and campaigns initiated by activist stockholders, certain stockholders associated with him on these and related topics.

Responding to proxy contests and other actions by activist stockholders, including the current campaign by Mr. Porcelain, can be costly and time-consuming, and could divert the attention of our Board of Directors, management team and employees from the management of our operations and the pursuit of our business strategies. Further, actions of activist stockholders may cause significant fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business. Perceived uncertainties as to our future direction, strategy or leadership created as a consequence of activist stockholder campaigns or initiatives may result in the loss of potential business opportunities and make it more difficult to attract and retain investors, customers, employees, and other business partners. Also, we could be required to incur significant expenses related to any activist stockholder matters, (included including the current campaign by Mr. Porcelain, or accompanying litigation (including but not limited to legal fees, fees for financial

45

advisors, fees for public relation advisors and proxy solicitation expenses). As a result, activist stockholder campaigns could adversely affect our business, results of operations, financial condition and/or share price in ways that can be difficult to predict or foresee. predict.

Even if we are successful in any proxy contest or in defending against any unsolicited takeover attempt, our business could be adversely affected by other activism campaign, any such proxy contest or unsolicited takeover attempt activist stockholder campaign could adversely affect our business due to:

- perceived uncertainties as to future direction, strategy or leadership that may result in the loss of potential business opportunities, acquisitions, collaborations or other strategic opportunities, and that may make it more difficult to attract and retain qualified personnel, investors, customers, suppliers, and other business partners; and
- if the risk that individuals are may be elected or appointed to our Board of Directors with a specific agenda or who do not agree with our strategic plan, adversely affecting the ability of our Board of Directors to function effectively, could be adversely affected, which could in turn adversely affect our ability to effectively and timely implement our strategic plan and create additional value for our stockholders, and/or adversely affect our business, operating results of operations and financial condition.

We cannot predict, and no guarantees can be given, as to the outcome or timing of any matters relating to the foregoing actions by activist stockholders and our responses thereto or the ultimate impact on our business, liquidity, financial condition or results of operations. operations or financial condition. Any of these matters or any further actions by activist stockholders and our responses thereto may impact and result in volatility or stagnation the trading value of our share price. securities.

Provisions in our corporate documents and Delaware law could delay or prevent a change in control of Comtech.

We have taken a number of actions that could have the effect of discouraging, delaying or preventing a merger, acquisition or divestiture involving Comtech that our stockholders may consider favorable.

For example, we currently have a classified board which will be fully declassified at our 2024 Annual Meeting of Stockholders and the employment contract with our CEO and agreements with other of our executive officers provide for substantial payments in certain circumstances or in the event of a change of control of Comtech. In the future, we may adopt a stockholder rights plan which could cause substantial dilution to a stockholder, and substantially increase the cost paid by a stockholder who attempts to acquire us on terms not approved by our Board of Directors.

52

In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, this statute provides that, except in certain limited circumstances, a corporation shall not engage in any "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, for purposes of Section 203 of the Delaware General Corporation Law, an "interested stockholder" is a person who, together with affiliates, owns, or within three years did own, 15% or more of the corporation's voting stock. This provision could have the effect of delaying or preventing a change in control of Comtech.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management Strategy and Program

We identify and assess material risks from cybersecurity threats predominantly through the work of our Information Security ("InfoSec") team as part of our enterprise risk management ("ERM") process. Our ERM process is designed to identify and evaluate the full range of significant risks to Comtech. As part of our ERM program, our functional and operations departments identify and manage enterprise risks on an annual cycle. The process consists of structured reviews, discussions, and mitigation planning, and includes risks identified by our cybersecurity functions.

The cybersecurity ERM process is administered by InfoSec with input from each business segment and function, continually monitors material cybersecurity risks facing Comtech, including cybersecurity threats and threats to our internal systems, our products, services and programs for customers, and our supply chain. Our CISO has extensive experience leading information technology for global organizations across communications, aerospace and defense, and works directly with our CEO, Chief Financial Officer, Executive Vice President ("EVP") of Systems and IT Controls, and other members of senior management to assess cybersecurity threats as part of our ERM process.

To manage and remediate cybersecurity risks identified as part of our ERM process and to manage emerging cybersecurity threats in real time; we have implemented a Managed Detection and Response system that supports the Security Operations Center. We are a member of the DoD Defense Industrial Base Collaborative Information Sharing Environment and the National Defense Information Sharing and Analysis Center. These organizations share real-time cybersecurity threat information and best practices in protecting, detecting, and recovering from cybersecurity threats.

As a government contractor, we must comply with extensive cybersecurity regulations, including the DFARS related to adequately safeguarding controlled unclassified information and reporting cybersecurity incidents to the DoD. The policies and controls we have implemented to date reflect our adherence to these requirements and have been assessed by external organizations, including industry partners.

Enterprise Cybersecurity

Our enterprise cybersecurity program aligns with the National Institute of Standards and Technology ("NIST") standards, among others, and includes processes and controls for the deployment of new IT systems by the Company and controls over new and existing systems operation. We monitor and conduct regular testing of these controls and systems, including vulnerability management through active discovery and testing to regularly assess patching and configuration status. In addition, we require our employees and contract workers to complete annual cybersecurity training, and we regularly conduct simulated phishing and cyber-related communications.

Cybersecurity for U.S. Government Authorized Systems

Our information technology systems used in connection with programs for the U.S. government align with the NIST standard and meet the requirements of 32 CFR Part 117 (National Industrial Security Program Operating Manual) and other applicable U.S. government guidance. The program includes authorizations and assessments of new and existing IT systems by our customers. We monitor use on these systems, including vulnerability management through patching and configuration. In addition, we restrict user access and require authorized users to complete additional user and cybersecurity training.

4653

Third Party Service Providers

We engage third party service providers to expand the capabilities and capacity of our cybersecurity program, including for design, monitoring and testing of the program's risk prevention and protection measures and process execution, including incident detection, investigation, analysis and response, eradication and recovery.

Management of Third-Party Risks

Our suppliers, subcontractors and third-party service providers are subject to cybersecurity obligations and controls as aligned with DFARS and U.S. Federal Acquisition Regulations ("FARS") requirements. We are making strides to ensure suppliers, subcontractors and third-party service providers are knowledgeable and aligned with DFARS and FARS requirements. We are also developing an enhanced program for our suppliers, subcontractors, and third-party service providers to agree to cybersecurity-related contractual terms and conditions of purchase to ensure their commitment to the mandates. Many of these contractors, suppliers or third parties are also subject to regulatory requirements in mandatory government procurement clauses, including those contained in the DFARS and FARS, which obligate adherence to a generally accepted cybersecurity framework, such as NIST, and occasional assessment of their implementation of cybersecurity controls as a condition of contract award or during contract performance. Finally, we require these third parties to notify us of cybersecurity incidents that impact us.

Program Assessment

We continuously evaluate and seek to improve and mature our cybersecurity processes and controls. Our cybersecurity program is regularly assessed through management self-evaluations and ongoing monitoring procedures to evaluate our program effectiveness, including vulnerability management through active discovery, and testing to validate patching and configuration. Additionally, our InfoSec function regularly assesses our program effectiveness through audits of our entities, systems, and processes to help maintain compliance with policies. As cybersecurity threats are continuously evolving, we also periodically engage with third parties to perform maturity assessments of our program to

identify potential risk areas and improvement opportunities. This includes assessment of our overall program, policies and processes, compliance with regulatory requirements and an overall assessment of key vulnerabilities. We use these assessments to supplement our own evaluation of the overall effectiveness of our program and target improvement areas. Several external organizations also evaluate our enterprise cybersecurity program, including the U.S. Defense Contract Management Agency ("DCMA") and Cybersecurity Maturity Model Certificate Third Party Assessment Organization. Moreover, some of our products are audited or reviewed for regulatory compliance certification pursuant to the relevant DoD risk management framework.

Board Oversight and Management's Role

Our Board of Directors has primary oversight responsibilities for enterprise cybersecurity risks. The Technology, Innovation, and Cyber Committee of the Board of Directors also reviews enterprise cybersecurity risks in connection with its oversight of cybersecurity and compliance risks. Our CISO leads our enterprise cybersecurity program and is responsible for assessing and managing enterprise cybersecurity risks in coordination with the EVP of Systems and IT Controls.

Our CISO regularly updates the Technology, Innovation and Cyber Committee and Board of Directors on cybersecurity risks as they relate to our information and operational technology systems and our suppliers and partners, as well as provides regular updates on enterprise cybersecurity incidents and key defenses and mitigation strategies. Our CISO regularly reviews enterprise cybersecurity risks, controls, program policy and processes, including training, oversees policy and program development, implementation, and updates, and informs senior leadership on cybersecurity-related issues and activities affecting the organization. Additionally, our CISO is regularly apprised of enterprise cybersecurity events, threats, and activities, including with respect to incidents, protection vulnerabilities, software update needs and lifecycle status.

ITEM 2. PROPERTIES

We consider our facilities to be well maintained and adequate for current and planned production requirements. All of our manufacturing facilities, including those that serve the military market, must comply with stringent customer specifications. We employ formal quality management programs and other training programs, including the International Standard Organization's quality procedure registration programs.

Historically, we have not owned any material properties or facilities and have relied upon a strategy of leasing. We do not currently own any material properties. The following table lists our primary leased facilities at **July 31, 2023** **July 31, 2024**:

Location		Property Type	Square Footage	Lease Expiration
<u>Satellite and Space Communications</u>				
Chandler, Arizona	A	Manufacturing and Engineering and Corporate Headquarters	146,000	July 2036
Orlando, Florida	B	Manufacturing and Engineering	99,000	April 2026
Hampshire, UK	C	Manufacturing and Engineering	77,000	November 2030
Santa Clara, California	D	Manufacturing and Engineering	47,000	April 2026
Melville, New York	E	Manufacturing and Engineering	45,000	December 2031
Various facilities	F	Support, Engineering and Sales	22,000	Various
Cypress, California	G	Support, Engineering and Sales	28,000	July 2025
Tempe, Arizona	A	Manufacturing and Engineering	20,000	January 2027
Various facilities	F	Support, Engineering and Sales	19,000	Various
Plano, Texas	G	R&D and Engineering	12,000	August 2025
Saint-Laurent, Canada	H	Manufacturing, Engineering, Sales and General Office	12,000	June 2029
			508,000	460,000
<u>Terrestrial and Wireless Networks</u>				
Seattle, Washington	I	Network Operations, R&D, Engineering and Sales	30,000	October 2033
Stoughton, Massachusetts	J	Network Operations	26,000	March 2025
Annapolis, Maryland	K	Support, Engineering and Sales	17,000	July 2026
Gatineau, Canada	L	Network Operations, R&D, Engineering, Sales and General Office	16,000	April 2028
Chicago, Illinois	M	General Office	4,000	September 2024
			93,000	
<u>Corporate</u>				
Melville, New York	L	General Office	9,600	August 2027
Annapolis, Maryland	K	General Office and Common Areas	2,000	July 2026
Melville, New York	M	Corporate Headquarters and General Office	9,600	August 2027
			11,600	
Total Square Footage			612,600	564,600

A. To support our long-term business goals, we recently commenced entered a 15-year lease for a new 146,000 square foot high-volume technology manufacturing facility in Chandler, Arizona. In fiscal 2023, we completed the relocation of certain of our satellite ground station infrastructure production facility operations from our existing manufacturing locations, such as Tempe, Arizona, to this new facility, which reduced our Tempe, Arizona footprint by 116,000 square feet to 20,000 square feet through January 2027. The new Chandler, Arizona facility utilizes state-of-the-art design and production techniques, including analog, digital and RF microwave production, hardware assembly and full-service engineering. In fiscal 2024, this location became our new corporate headquarters.

B. Our Satellite and Space Communications segment engineers and manufactures our over-the-horizon microwave troposcatter systems and mission-critical satellite equipment in a leased facility in Orlando, Florida.

C. Our Satellite and Space Communications segment currently leases two manufacturing facilities in Hampshire (Basingstoke), United Kingdom, where we manufacture our previously manufactured high precision full motion fixed and mobile X/Y satellite tracking antennas, RF feeds, reflectors and radomes. As a result of our fourth quarter fiscal 2024 decision to exit this product line, we are currently in discussions with each landlord regarding our exit and radomes. These facilities are expected to support the production termination of X/Y satellite tracking antennas that can be used in connection with the thousands of new LEO, MEO and large HTS satellite constellations reportedly being launched over the next several years. such facility leases.

D. Our Satellite and Space Communications segment manufactures certain amplifiers in a leased manufacturing facility located in Santa Clara, California.

E. Our Satellite and Space Communications segment manufactures certain of our solid-state, high-power amplifiers maintains office space in a 45,000 square foot Cypress, California and Plano, Texas used primarily for R&D, engineering, sales and manufacturing facility on more than two acres of land in Melville, New York and an 8,000 square foot facility in Topsfield, Massachusetts. Our Massachusetts lease is currently on a month-to-month basis and therefore excluded from the table above; however, we are currently in negotiations with the landlord to extend such lease for up to ten years. customer support.

F. Our Satellite and Space Communications segment leases an additional seven five facilities, four of which aggregate 16,000 square feet and are located in the U.S. with the remaining three facilities facility aggregating 6,000 3,000 square feet located in Singapore, China and India. All are primarily utilized for engineering, sales, software development, customer support, and general office use.

G. Our Satellite and Space Communications segment maintains office space in Cypress, California and Plano, Texas used primarily for R&D, engineering, sales and customer support.

H. Our Satellite and Space Communications segment maintains office space in Saint-Laurent, Canada, used primarily for sales, engineering, manufacturing and general office use.

I. H. Our Terrestrial and Wireless Networks segment maintains office space in Seattle, Washington used primarily for servicing and hosting our VoIP and VoWiFi E911 and NG-911 services, and related emerging technologies. In fiscal 2023, as part of our cost reduction initiatives, we reduced our footprint at this location from 58,000 square feet to 30,000 square feet.

J. I. Our Terrestrial and Wireless Networks segment maintains office space in Stoughton, Massachusetts used primarily for servicing certain of our state and local municipality NG-911 customers.

K. J. Our Terrestrial and Wireless Networks segment maintains office space in Annapolis, Maryland used primarily for the design and development of our software-based systems and applications and network operations for our Terrestrial and Wireless Networks segment.

L. K. Our Terrestrial and Wireless Networks segment maintains office space in Gatineau, Canada and Chicago, Illinois that are utilized for network operations, R&D, engineering, sales of our public safety and location technology solutions and general office use. We exited our Chicago, Illinois office in September 2024. Our facility in Gatineau, Canada is subject to expropriation by the City of Gatineau and we expect to exit this facility and enter into a new lease agreement for an alternate facility in calendar 2025.

M. L. Our corporate headquarters are located Unallocated segment maintains general office space in an office a building complex located in Melville, New York. York for certain company-wide functions.

The terms for all of our leased facilities are generally for multi-year periods and we believe that we will be able to renew these leases or find comparable facilities elsewhere.

Also, In fiscal 2024, as part of the divestiture of our solid-state RF microwave high power amplifiers and control components product line, we no longer lease the 45,000 square foot engineering and manufacturing facility in fiscal 2023 and 2022, as Melville, New York or the 8,000 square foot facility in Topsfield, Massachusetts.

As part of our environmental related initiatives, we were able to reduce our total company-wide square footage of our various facilities by 162,000 for a total three-year reduction of 288,000 sq. ft. or 20.9% and 78,000 sq. ft. or 9.1%, respectively, for a total two-year reduction of 240,000 sq. ft. or 28.1% 33.8%.

4856

ITEM 3. LEGAL PROCEEDINGS

Information regarding legal proceedings is incorporated herein by reference to the "Notes to Consolidated Financial Statements – Note (12)(13)(a) - Commitments and Contingencies – Legal Proceedings and Other Matters" included in "Part II - Item 8. Financial Statements and Supplementary Data," of this Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURES

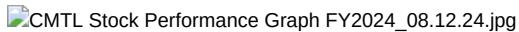
Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock Performance Graph and Cumulative Total Return

The graph below compares the cumulative total stockholder return on our common stock with the cumulative total return on the S&P 500 Index and the Nasdaq Telecommunications Index for each of the last five fiscal years ended July 31, assuming an investment of \$100 at the beginning of such period and the reinvestment of any dividends (to the extent applicable). The comparisons in the graphs below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.

CMTL Stock Performance Graph FY2024_08.12.24.jpg

Our common stock trades on the Nasdaq Stock Market LLC ("Nasdaq") under the symbol "CMTL."

4957

Dividends

On September 29, 2022 and December 8, 2022, our Board of Directors declared a dividend of \$0.10 per common share, which was paid on November 18, 2022 and February 17, 2023, respectively. During the third quarter of fiscal 2023, encouraged by the progress that we have made related to our One Comtech transformation, our launch of EVOKE and our emerging growth opportunities, as previously disclosed, the Board, together with management, adjusted the Company's capital allocation plans and determined to forgo a common stock dividend, thereby increasing our financial flexibility for future investments. Future common stock dividends, if any, remain subject to compliance with financial covenants under our Credit Facility, as well as Board approval and certain voting rights of holders of our Series A Convertible Preferred Stock.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We did not repurchase any of our equity securities during the fiscal year ended July 31, 2023 July 31, 2024. On September 29, 2020, our Board of Directors authorized a \$100.0 million stock repurchase program, which replaced our prior program. The \$100.0 million stock repurchase program has no time restrictions and repurchases may be made from time to time in open-market or privately negotiated transactions, or by other means in accordance with federal securities laws. We had approximately 28.1 28.7 million shares of Common Stock outstanding as of July 31, 2023 July 31, 2024.

Approximate Number of Equity Security Holders

As of October 6, 2023 October 23, 2024, there were approximately 770,764 holders of our common stock. Such number of record owners was determined from our stockholder records and does not include beneficial owners whose shares of our common stock are held in the name of various security holders, dealers and clearing agencies.

ITEM 6. [RESERVED]

5058

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview of Business

We are a leading global provider of next-generation 911 emergency systems ("NG-911") and secure wireless and satellite communications technologies. This includes the critical communications infrastructure that people, businesses, and governments rely on when durable, trusted connectivity is required, no matter where they are – on land, at sea, or in the air – and no matter what the circumstances – from armed conflict to a natural disaster. Our solutions are designed to fulfill our customers' needs for secure wireless communications in the most demanding environments, including those where traditional communications are unavailable or cost-prohibitive, and in mission-critical and other scenarios where

performance is crucial. We anticipate future growth in our business due to a trend of increasing demand for global voice, video and data usage in recent years, in addition to the growth of 988 networks, emergency communication networks and related applications. We provide our solutions to both commercial and governmental customers.

We manage our business through two reportable operating segments:

- Satellite and Space Communications - is organized into four technology areas: satellite modem and amplifier technologies, troposcatter technologies, government services and SATCOM solutions; space components and antennas; and high-power amplifiers and switch technologies. This segment offers customers: satellite ground station infrastructure technologies, services and system integration that facilitate the transmission of voice, video and data over GEO, MEO and LEO satellite constellations, including solid-state and traveling wave tube power amplifiers, modems, VSAT platforms and frequency converters; satellite communications and tracking antenna systems, including high precision full motion fixed and mobile X/Y tracking antennas, RF feeds, reflectors and radomes; over-the-horizon microwave troposcatter equipment solutions that can transmit digitized voice, video, and data over distances up to 200 miles using the troposphere and diffraction; professional engineering, training and field support services, including the Comtech COMET™; solid-state, RF microwave high-power amplifiers and control components designed cybersecurity, for radar, electronic warfare, data link, medical and aviation applications; multiple U.S. government agencies; and procurement and supply chain management of high reliability Electrical, Electronic and Electromechanical ("EEE") parts for satellite, launch vehicle and manned space applications.
- Terrestrial and Wireless Networks - is organized into three service areas: next generation 911 and call delivery, Solacom call handling solutions, and trusted location and messaging solutions. This segment offers customers: SMS text to 911 services, providing alternate paths for individuals who need to request assistance (via text messaging) a method to reach Public Safety Answering Points ("PSAPs"); next generation 911 solutions, providing emergency call routing, location validation, policy-based routing rules, logging and security functionality; Emergency Services IP Network transport infrastructure for emergency services communications and support of next generation 911 services; call handling applications for PSAPs; wireless emergency alerts solutions for network operators; and software and equipment for location-based and text messaging services for various applications, including for public safety, commercial and government services.

Our Quarterly Financial Information

Quarterly and period-to-period sales and operating results may be significantly affected by either short-term or long-term contracts with our customers. In addition, our gross profit is affected by a variety of factors, including the mix of products, systems and services sold, production efficiencies, estimates of warranty expense, price competition and general economic conditions. Our gross profit may also be affected by the impact of any cumulative adjustments to contracts that are accounted for over time.

In particular our contracts with the U.S. government can be terminated for convenience by it at any time and orders are subject to unpredictable funding, deployment and technology decisions by the U.S. government. Some of these contracts are indefinite delivery/indefinite quantity ("IDIQ") contracts and, as such, the U.S. government is not obligated to purchase any equipment or services under these contracts. We have, in the past, experienced and we continue to expect significant fluctuations in sales and operating results from quarter-to-quarter and period-to-period due to these factors. As such, comparisons between periods and our current results may not be indicative of a trend or future performance.

Please see "Strategic Transformation" section discussed above, as well as Item 1A – "Risk Factors" under Part I of this Form 10-K for more information about risks pertaining to business and factors that can influence our future results.

5159

Critical Accounting Policies

We consider certain accounting policies to be critical due to the estimation process involved in each.

Revenue Recognition. In accordance with FASB ASC 606 - Revenue from Contracts with Customers ("ASC 606"), we record revenue in an amount that reflects the consideration to which we expect to be entitled in exchange for goods or services promised to customers. See "Notes to Consolidated Financial Statements - Note (1)(c)(d) - Revenue Recognition" included in "Part II - Item 8. Financial Statements and Supplementary Data," (which discussion is incorporated herein by reference), and "Part II - Item 9A. Controls and Procedures," included in this Form 10-K, for further information.

Impairment of Goodwill and Other Intangible Assets. As of July 31, 2023 July 31, 2024, total goodwill recorded on our Consolidated Balance Sheet aggregated \$347.7 million \$284.2 million (of which \$173.6 million \$110.1 million relates to our Satellite and Space Communications segment and \$174.1 million relates to our Terrestrial and Wireless Networks segment). Additionally, as of July 31, 2023 July 31, 2024, net intangibles recorded on our Consolidated Balance Sheet aggregated \$225.9 million \$194.8 million (of which \$65.1 million \$48.4 million relates to our Satellite and Space Communications segment and \$160.8 million \$146.4 million relates to our Terrestrial and Wireless Networks segment).

For purposes of reviewing impairment and the recoverability of goodwill and other intangible assets, our Satellite and Space Communications and Terrestrial and Wireless Networks segments each constitute a reporting unit and we must make various assumptions in determining their estimated fair values. During our fourth quarter of fiscal 2024, we recorded a \$64.5 million non-cash impairment charge in our Satellite and Space Communications segment related to long-lived assets, including goodwill. See "Notes to Consolidated Financial Statements - Note (13)(14) - Goodwill Goodwill" and Note (14) "Note (15) - Intangible Assets" included in "Part II - Item 8. Financial Statements and Supplementary Data" (which discussion is incorporated herein by reference), included in this Form 10-K, for further information. Also, as announced on October 17, 2024, we are executing a strategy to transform Comtech into a pure-play satellite and space communications company. Ongoing and future actions supporting our transformation strategy include: an exploration of strategic alternatives for our Terrestrial and Wireless Networks segment, which is well underway; the pursuit of further portfolio-shaping opportunities to enhance profitability, efficiency and focus; and the implementation of additional operational initiatives to both achieve profitable results from operations as well as to align our go-forward cost structure

with a pure-play focus on satellite and space communications. Such activities could result in a material impairment of our goodwill and/or intangible assets. See "Part I - Item 1. Business - Strategic Transformation" for more information.

Provision for Warranty Obligations. We provide warranty coverage for most of our products, including products under long-term contracts, for a period of at least one year from the date of shipment. We record a liability for estimated warranty expense based on historical claims, product failure rates and other factors. Costs associated with some of our warranties that are provided under long-term contracts are incorporated into our estimates of total contract costs. There exist inherent risks and uncertainties in estimating warranty expenses, particularly on larger or longer-term contracts. If we do not accurately estimate our warranty costs, any changes to our original estimates could be material to our results of operations and financial condition.

Accounting for Income Taxes. Our deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities and applying enacted tax rates expected to be in effect for the year in which we expect the differences to reverse. Our provision for income taxes is based on domestic (including federal, state and local) and international statutory income tax rates in the tax jurisdictions where we operate, permanent differences between financial reporting and tax reporting and available credits and incentives. **We recognize potential interest and penalties related to uncertain tax positions in income tax expense.** The U.S. federal government is our most significant income tax jurisdiction.

Significant judgment is required For tax positions taken or expected to be taken in determining income a tax provisions return, we account for unrecognized tax benefits using a "more-likely-than-not" threshold for financial statement recognition and tax positions measurement. We may be challenged upon review by the applicable taxing authority and positions taken by us may not be sustained. We recognize all or a portion of the benefit of income tax positions only when we have made a determination that it is "more likely than not" "more-likely-than-not" that the tax position will be sustained upon examination, based upon the technical merits of the position and other factors. For tax positions that are determined as "more likely than not" "more-likely-than-not" to be sustained upon examination, the tax benefit recognized is the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. **We recognize potential interest and penalties related to uncertain tax positions in income tax expense.**

The development of

60

In assessing the need for a valuation allowances allowance for deferred tax assets, we consider all positive and reserves for income tax positions requires consideration of negative evidence, including past financial performance, timing and judgments about future taxable income and tax issues and potential outcomes, and are subjective critical estimates, planning strategies. Valuation allowances are established, when necessary, to reduce net deferred tax assets to the amount "more likely than not" "more-likely-than-not" expected to be realized. A portion of our deferred tax assets consist of federal research and experimentation tax credit carryforwards, some of which was acquired in connection with prior acquisitions. No valuation allowance has been established on these deferred tax assets based on our evaluation that our ability to realize such assets has met the criteria of "more likely than not." We continuously evaluate additional facts representing positive and negative evidence in determining our ability to realize these deferred tax assets. In certain circumstances, the

Significant judgment is required in determining income tax provisions and tax positions. The ultimate outcome of tax exposures and risks involves significant uncertainties. If actual outcomes differ materially from these estimates, they could have a material impact on our results of operations and financial condition.

Our U.S. federal income tax returns for fiscal 2020 2021 through 2022 2023 are subject to potential future Internal Revenue Service ("IRS") audit. None of our state income tax returns prior to fiscal 2019 2020 are subject to audit. Future tax assessments or settlements could have a material adverse effect on our consolidated results of operations and financial condition.

52

Research and Development Capitalized Engineering Costs. We generally expense all research and development costs. Research and development expenses include payroll, employee benefits, stock-based compensation expense, and other personnel-related expenses associated with product development. Research and development expenses also include third-party development and programming costs. Costs incurred internally in researching and developing software to be sold are charged to expense until technological feasibility has been established for the software. Judgment is required in determining when technological feasibility of a product is established. Technological feasibility for our advanced communication software solutions is generally reached after all high-risk development issues have been resolved through coding and testing. Generally, this occurs shortly before the products are released to customers and when we are able to validate the marketability of such product. Once technological feasibility is established, all software costs are capitalized until the product is available for general release to customers. To date, costs capitalized related to internally developed software costs to be sold were not material, but could increase in the future.

We capitalize certain costs related to internal-use software (e.g., hosted "SaaS" applications within our Terrestrial and Wireless Networks segment), primarily consisting of direct labor and third-party vendor costs associated with creating the software. Software development projects generally include three stages: the preliminary project stage (all costs are expensed as incurred), the application development stage (certain costs are capitalized and certain costs are expensed as incurred) and the post-implementation/operation stage (all costs are expensed as incurred). Costs capitalized in the application development stage include costs related to the design and implementation of the selected software

components, software build and configuration infrastructure, and software interfaces. Capitalization of costs requires judgment in determining when a project has reached the application development stage, the proportion of time spent in the application development stage, and the period over which we expect to benefit from the use of that software. Once the software is placed in service, these costs are amortized on the straight-line method over the estimated useful life of the software. During fiscal 2024, internal-use software costs capitalized were \$3.8 million. Capitalized internal use software costs are amortized once the software is placed in service on the straight-line method over the estimated useful life of the software, which is generally three years.

Provisions for Excess and Obsolete Inventory. We record a provision for excess and obsolete inventory based on historical and projected usage trends. Other factors may also influence our provision, including decisions to restructure or exit a product line, technological change and new product development. These factors could result in a change in the amount of excess and obsolete inventory on hand. Additionally, our estimates of future product demand may prove to be inaccurate, in which case we may have understated or overstated the provision required for excess and obsolete inventory. In the future, if we determine that our inventory was overvalued, we would be required to recognize such costs in our financial statements at the time of such determination. Any such charge could be material to our results of operations and financial condition. See "Notes to Consolidated Financial Statements - Note (1)(f) - Inventories" included in "Part II - Item 8. Financial Statements and Supplementary Data," (which discussion is incorporated herein by reference), and "Part II - Item 9A. Controls and Procedures," included in this Form 10-K, for further information.

Allowance for Doubtful Accounts. We perform credit evaluations of our customers and adjust credit limits based upon customer payment history and current creditworthiness, as determined by our review of our customers' current credit information. Generally, we will require cash in advance or payment secured by irrevocable letters of credit before an order is accepted from an international customer that we do not do business with regularly. In addition, we seek to obtain insurance for certain domestic and international customers.

61

We monitor **billing events**, collections and payments from our customers and maintain an allowance for doubtful accounts based upon our historical experience and any specific customer collection issues that we have identified. In light of ongoing tight credit market conditions and high interest rates, we continue to see requests from our customers for higher credit limits and longer payment terms. We have, on a limited basis, approved certain customer requests. Also, more recently, in fiscal 2024, we experienced a significant increase in the overall level of contract assets (i.e., unbilled receivables) related to large, long-term contracts with certain U.S. government and international customers. We continue to monitor our accounts receivable credit portfolio. To-date, there has been no material changes in our credit portfolio as a result of the challenging business conditions.

Although our overall credit losses have historically been within the allowances we established, we may not be able to accurately predict our future credit loss experience, given the current poor business environment. Measurement of credit losses requires consideration of historical loss experience, including the need to adjust for changing business conditions, and judgments about the probable effects of relevant observable data, including present economic conditions such as delinquency rates and the financial health of specific customers. Future changes to the estimated allowance for doubtful accounts could be material to our results of operations and financial condition.

53

Results of Operations

The following table sets forth, for the periods indicated, certain income and expense items expressed as a percentage of our consolidated net sales:

	Fiscal Years Ended July 31,			Fiscal Years Ended July 31,		
	2023	2022	2021	2024	2023	2022
Gross margin	Gross margin	33.5 %	37.0 %	36.8 %	Gross margin	
Selling, general and administrative expenses	Selling, general and administrative expenses	21.8 %	23.6 %	19.2 %	Selling, general and administrative expenses	
Research and development expenses	Research and development expenses	8.8 %	10.8 %	8.4 %	Research and development expenses	
Amortization of intangibles	Amortization of intangibles	3.9 %	4.4 %	3.6 %	Amortization of intangibles	
				29.1 %	33.5 %	37.0 %
				22.8 %	21.8 %	23.6 %
				4.5 %	8.8 %	10.8 %
				3.9 %	3.9 %	4.4 %

Impairment of long-lived assets, including goodwill		Impairment of long-lived assets, including goodwill	11.9	%	—	%	—	%	
CEO transition costs	CEO transition costs	1.7 % 2.8 % — % CEO transition costs	0.5	%	1.7	%	2.8	%	
Loss on business divestiture		Loss on business divestiture	0.2	%	—	%	—	%	
Proxy solicitation costs	Proxy solicitation costs	— % 2.3 % — % Proxy solicitation costs	—	%	—	%	—	2.3 %	
Acquisition plan expenses		— % — % 17.2 %							
Operating loss	Operating loss	(2.7)% (6.9)% (11.7)%							
Interest expense (income) and other		2.9 % 0.7 % 1.2 %							
Operating loss			(14.8)	%	(2.7)	%	(6.9)	%	
Interest expense and other items		Interest expense and other items	3.8	%	2.9	%	0.7	%	
Loss before benefit from income taxes	Loss before benefit from income taxes	(5.6)% (7.6)% (12.9)%	Loss before benefit from income taxes						
Net loss	Net loss	(4.9)% (6.8)% (12.6)%	Net loss						
Net loss attributable to common stockholders	Net loss attributable to common stockholders	(6.2)% (8.9)% (12.6)%	Net loss attributable to common stockholders						
Adjusted EBITDA (a Non-GAAP measure)	Adjusted EBITDA (a Non-GAAP measure)	9.7 % 8.1 % 13.2 %	Adjusted EBITDA (a Non-GAAP measure)	8.5	%	9.7	%	8.1	%

For a definition and explanation of Adjusted EBITDA, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of Fiscal 2023 2024 and 2022 2023 - Adjusted EBITDA."

5462

Fiscal 2023 2024 Highlights and Business Outlook for Fiscal 2024 2025

Our financial **highlights** performance for the fiscal year ended July 31, 2023 include: July 31, 2024 includes:

- Consolidated net sales **were** of \$540.4 million, compared to \$550.0 million, **an increase** in fiscal 2023. The prior year included a full year of **13.1%** operations related to our **solid state, high power amplifier** product line divested in November 2023 (the "PST Divestiture"). Adjusted for the PST Divestiture and despite very challenging business conditions in fiscal 2024, our consolidated net sales grew slightly from fiscal 2022; 2023;
- Gross margin was **33.5%** 29.1%, compared to **37.0%** 33.5% in fiscal 2022; 2023;
- GAAP net loss attributable to common stockholders was **\$33.9 million**, **\$135.4 million** and **included \$10.9 million** included: a \$64.5 million impairment charge in our **Satellite and Space Communications** segment related to long-lived assets, including goodwill; \$12.5 million of restructuring **costs**, \$9.1 million of CEO transition costs and \$3.8

million costs; \$4.1 million of strategic emerging technology costs for next-generation satellite technology, as discussed below; technology; \$2.9 million of CEO transition costs; and a \$1.2 million loss associated with the PST Divestiture due to the acquirer not achieving certain post-divestiture earn-out criteria;

- GAAP EPS loss of \$1.21 \$4.70 and Non-GAAP EPS of \$0.65 \$0.10;
- Adjusted EBITDA (a Non-GAAP financial measure discussed below) of \$53.5 million \$45.7 million, an increase a decrease of 36.1% 14.6% from fiscal 2022 2023, due in part to the PST Divestiture;
- New bookings (also referred to as orders) of \$594.1 million \$700.6 million, resulting in an annual book-to-bill ratio of 1.08x 1.30x (a measure defined as bookings divided by net sales);
- Backlog of \$798.9 million as of July 31, 2024, compared to \$662.2 million as of July 31, 2023, compared to \$618.1 million and \$653.4 million as of July 31, 2022 and \$668.4 million April 30, 2024. Backlog as of April 30, 2023; July 31, 2024 represents a new record for Comtech;
- Revenue visibility of approximately \$1.8 billion as of July 31, 2024, an increase from the \$1.1 billion as of July 31, 2023 (such amount does not yet include the \$544.0 million U.S. Army Global Field Service Representative ("GFSR") contract or \$48.6 million U.S. Army Enterprise Digital Intermediate Frequency Multi-Carrier ("EDIM") modem contract awarded to us in September 2023). We measure this revenue visibility as the sum of our \$662.2 million \$798.9 million of funded backlog, plus the total unfunded value of certain multi-year contracts that we have received and from which we expect future orders; and
- Cash flows used in operating activities of \$4.4 million. Excluding \$14.0 million \$54.5 million, due primarily to a significant increase in the overall level of contract assets (i.e., unbilled receivables) in fiscal 2024 related to our progress on large, long-term "over-time" contracts awarded to us by certain U.S. government and international end customers, as well as the timing of payments to our suppliers as we execute on our backlog. As experienced in the latter part of fiscal 2024, we expect the level of our unbilled receivables to continue to decline throughout fiscal 2025, as we invoice our customers upon physical delivery of products or the achievement of specified contractual milestones. Additionally, cash flows used in operating activities includes \$16.0 million in aggregate payments for restructuring costs, including severance, proxy solicitation and CEO transition costs cash flows provided by operations would have been \$9.6 million, and strategic emerging technology costs for next-generation satellite technology.

Non-GAAP financial measures discussed above are reconciled to the most directly comparable GAAP financial measures in the table included in the below section "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of Fiscal 2023 2024 and 2022 2023."

Fiscal 2023 We operated most of fiscal 2024 under extremely difficult business conditions stemming from: a marked increase in working capital requirements related to certain troposcatter related contracts; an unexpected change in our CEO more than halfway through the fiscal year; the year-long protest by the incumbent of the large, multi-year Global Field Service Representative ("GFSR") contract awarded to us by the U.S. Army; supply chain and operational challenges that strained our liquidity at various points in the fiscal year; a year prolonged refinancing of tremendous change our debt capital; and accomplishments a shift during our fourth quarter in the timing of our receipt and performance on a large COMET order anticipated for our organization. Led by a new certain international end country.

However, despite these challenges, the existing management team and refreshed Board of Directors, we implemented was successful in achieving many important lean initiatives and process improvement activities anticipated to drive sustainable, profitable growth in positive accomplishments along the way, such as: attracting strong talent throughout our business. Several of these actions have already contributed to our improved financial performance, affording us the opportunity to report our first quarter of positive GAAP operating income in almost two years. We are greatly encouraged by the progress we have made through our One Comtech transformation, which gives us the confidence to expect that our Business Outlook for Fiscal 2024 will be even better than fiscal 2023. We base our enthusiasm about our future, in part, on our people organization; winning new strategic business opportunities, as well as competitive renewals; relocating our recent large contracts wins, headquarters to be within close proximity to several key customers and suppliers; restructuring operations that serve to validate had been underperforming under legacy management; reducing the level of unbilled receivables; and, reinforce importantly, emerging from fiscal 2024 with a clear vision for our technology leadership positions in multiple growing end markets. Taken together, company that we believe these significant, strategic contracts demonstrate our ability to outperform in every facet of our business. For example:

- In July 2023, we were very excited to finally have received our long-awaited initial funding of \$21.0 million under our next-generation 911 contract with the State of Ohio. This contract, originally awarded to us in March 2020, has a total expected value of approximately \$85.0 million and is anticipated to start contributing meaningfully to our net sales in fiscal 2025, and beyond.

will contribute greatly toward unlocking meaningful shareholder value.

55 63

- In July 2023, we announced that our market-leading troposcatter family of systems ("FOS") was chosen by the U.S. Army to support its tactical Beyond-Line-of-Site ("BLOS") communications requirements. Here, our commitment to innovation drove success: Comtech's troposcatter equipment can now handle up to 210 megabits per second of data, can connect endpoints over 200 miles apart, and can be set up and operating inside 15 minutes. We believe our next-generation, software-defined troposcatter solutions represent a thousand-fold performance increase over prior generations, and we are a clear global leader in a technology with a rapidly expanding set of defense and commercial market applications. Through this initial \$30.0 million contract award, we believe Comtech will become the leading provider of next-generation troposcatter systems for the U.S. Army.

Key Business Developments

■ Satellite and Space Communications

In September 2023, we were awarded a large, multi-year GFSR contract by the U.S. Army. This contract has Army with a total potential value of \$544.0 million and is expected to contribute significantly to our net sales in the second half of our fiscal 2024. Through this program, we will provide ongoing communications and IT infrastructure support for the U.S. Army, Air Force, Navy, Marine Corps and NATO, enabling U.S. and coalition forces to maintain robust, resilient and secure connectivity for global all-domain operations. Foundational The incumbent protested (and lost) the award of the contract to this success: Comtech's professional engineering services Comtech several times. Currently, the contract remains under protest and extensive portfolio of resilient, blended, smart-enabled technologies. a stop work order. If we are successful in ultimately winning the protest, we would expect the GFSR contract to contribute significantly to our net sales in future periods.

■ Also, in In September 2023, we were honored to win won a highly competitive \$48.6 million contract to deliver next-generation EDIM Enterprise Digital Intermediate Frequency Multi-Carrier ("EDIM") modems for the U.S. Army's satellite communications ("SATCOM") digitization and modernization programs. The advanced, software defined EDIM modem is intended to: support multiple satellite providers; become one of the primary modems used for U.S. military SATCOM, eventually replacing the Enhanced Bandwidth Efficient Modem ("EBEM"); and provide the U.S. Army, Navy and Air Force with a digitized, hybrid satellite network architecture. The EDIM modem would allow SATCOM users to easily roam across orbital regimes, blend capabilities from traditionally disparate networks and maintain assured, resilient connectivity in the most demanding of environments.

■ Finally, increasing We are progressing with our potential revenue visibility, we were efforts on this contract and pleased to have recently selected as one of multiple awardees under secured incremental funding from the Defense Logistics Agency's Gateway to Sustainment indefinite delivery, indefinite quantity contract, with a ceiling value of \$3.2 billion. This award enables the U.S. Department of Defense and other U.S. government customers to purchase a wide range of capabilities and services from multiple vendors in support of the Command, Control, Computers, Communications, Cyber, Intelligence, Surveillance and Reconnaissance ("C5ISR") operations. Over the course of this contract's potential 10-year performance period, we anticipate being awarded funding to primarily support the U.S. Army's Communications and Electronics Command's rapid acquisition of solutions customer for systems in various stages of their lifecycle.additional work.

In addition to optimizing our cost structure, securing key contract wins and expanding our pipeline of opportunities, we have also been busy addressing strategic questions about the composition of our business and the strength of our balance sheet. Following November 2023, following a careful review of our current business and product lines considering the kind of software and solutions-based enterprise our customers need us to be in the future, at that time, we saw an opportunity to divest our solid state, high power amplifier product line. Upon completing this divestiture, in The PST Divestiture generated \$33.3 million of net cash proceeds prior to the short term, repayment of debt and provided timely liquidity as we anticipate using some or all of the net proceeds to meaningfully reduce progressed with our outstanding debt, leverage ratio and interest payments. We are also simultaneously addressing the need efforts to refinance our debt capital structure.

In July 2024, we made the decision to exit our subsidiary operations in Basingstoke, United Kingdom. The U.K. operations were established in connection with the legacy management team's 2020 acquisition of CGC Technology Limited, which primarily served customers in Europe. Following the acquisition, we continued to invest in the Basingstoke facility to advance LEO constellation-based antenna technologies in anticipation of significant production orders. Taking into consideration the significant ongoing investment as well as unfavorable contract terms on prospective antenna sales, we concluded the U.K. business would not generate an attractive return on invested capital and made the decision to exit these operations in order to curtail our future expenses and cash outlays, after anticipated restructuring charges associated with such exit.

Shifting to our troposcatter product line, throughout most of fiscal 2024, we experienced elevated levels of unbilled receivables due to the timing of our performance and billings related to certain large U.S. government and international customer contracts. As we progressed through the fourth quarter of fiscal 2024, we were successful in ramping up deliveries of next-generation troposcatter terminals related to our U.S. Marine Corps and Army contracts, contributing to a meaningful reduction of our consolidated unbilled receivables from \$141.3 million at April 30, 2024 to \$123.7 million as of July 31, 2024. Based on our anticipated performance over the next several months, we expect further material reductions in our unbilled receivables related to these contracts, contributing significantly to our cash flows and liquidity in fiscal 2025.

Terrestrial and Wireless Networks

In October 2023, we extended enhanced 911 call routing services, valued in excess of \$30.0 million, for one of the largest wireless carriers in the U.S. Subsequent to year end, our new management team in this segment, led by Jeff Robertson, former CEO for Intrado's Life and Safety business, secured another renewal of these critical services in October 2024.

During our second fiscal quarter of 2024, we amended and extended critical Next Generation 911 ("NG-911") services for the State of Washington. This extension is valued at \$48.0 million over the next five years, with the option to extend further through 2034. Also, we extended critical call handling services provided to PSAPs across Australia through our partnership with Telstra. These services, valued at approximately \$6.0 million over the next several years, support Australia's "000" (911 equivalent) emergency communications. Additionally, we were awarded several multi-year NG-911 call handling services contracts, aggregating \$6.5 million, for PSAPs located in Canada and the U.S. We believe Comtech's position as a trusted leader in 911, NG-911 and public safety applications positions us increasingly well when it comes to delivering similarly sophisticated solutions for other types of emergencies.

In May 2024, we were awarded a large multi-year NG-911 contract by the Commonwealth of Massachusetts, valued at over \$250.0 million. The new contract has an initial five-year term from August 1, 2024 through July 31, 2029, and includes one option to renew for a five-year period through July 31, 2034. While a continuation of existing services within the

state, the procurement itself was competitive and Comtech was successful in securing the win, demonstrating the trust of our public safety partners as well as our leadership in NG-911 systems and services.

In June 2024, we announced the North Central Texas Emergency Communications District ("NCT911") awarded us a contract to deliver NG-911 services that will further modernize NCT911's infrastructure. The NCT911 contract includes a five-year base award, as well as three additional two-year option periods, with a not to exceed value of approximately \$30.0 million.

At the start of fiscal 2024, we helped Strathcona County in Alberta become Canada's first PSAP to transition to NG-911 services. In July 2024, we announced completing the full migration and deployment of an NG-911 system in Saskatchewan, Canada. With the Saskatchewan NG-911 deployment, we are now the first company, in partnership with leading ESinet provider SaskTel, to deploy a province-wide NG-911 system in Canada.

Subsequent to year end, in September 2024, we were also pleased to have been awarded a large, multi-year location-based services maintenance and support contract from one of the largest wireless carriers in the U.S.

Strategic Transformation

On October 17, 2024, we announced that we are executing a strategy to transform Comtech into a pure-play satellite and space communications company. Ongoing and future actions supporting our transformation strategy include: an exploration of strategic alternatives for our Terrestrial and Wireless Networks segment, which is well underway; the pursuit of further portfolio-shaping opportunities to enhance profitability, efficiency and focus; and the implementation of additional operational initiatives to both achieve profitable results from operations as well as to align our go-forward cost structure with a pure-play focus on satellite and space communications. In connection with this transformation strategy, we have also undertaken a detailed evaluation of our Satellite and Space Communications segment's product portfolio to identify opportunities to divest, separate and/or rationalize businesses or facilities that are not core to our go-forward focus. In addition to assessing our Basingstoke, UK operations, as discussed above, over the past several months, we have also conducted an intensive review of our product portfolio to focus future investment on our most strategic, high-margin revenue opportunities within the Satellite and Space Communications segment. There can be no assurance that the exploration of strategic alternatives will result in a transaction or other strategic changes or outcomes. While anticipated to improve our profitability in future periods, such actions may result in near-term restructuring charges.

Amended Credit Agreement and New Subordinated Term Loan Facility

In June 2024, we entered into a \$222.0 million credit facility with a new syndicate of lenders (the "Credit Facility"), which replaced our prior credit facility. On October 17, 2024, we amended the Credit Facility, which expires waived certain defaults or events of default, including in October 2024. This process is moving forward and we believe we're headed toward a solution. In tandem with these ongoing initiatives, we are in discussions with various potential sources of capital, including our existing preferred shareholders, regarding alternative investment structures. We are also in discussions connection with our existing lenders regarding Net Leverage Ratio and Fixed Charge Coverage Ratio covenants as of July 31, 2024. The amendment also provides for, among other things: (i) an increase to the interest rate margins applicable to the loans; (ii) a short-term amendment modification of certain financial and extension collateral reporting requirements; (iii) a lender and agent consent right with respect to \$27.5 million of Revolver borrowings above \$32.5 million; (iv) our ability to incur \$25.0 million of senior unsecured subordinated debt; (v) a maturity date based on the earlier of (x) July 31, 2028 or (y) 90 days prior to the earliest date that the debt under the Subordinated Credit Agreement (as defined below) becomes due and payable; and (vi) a suspension of financial covenant testing through the end of our fiscal quarter ending January 31, 2025. On October 17, 2024, we also entered into a Subordinated Credit Agreement with the existing holders of our Convertible Preferred Stock (the "Subordinated Credit Agreement"), which provides a subordinated unsecured term loan facility in the aggregate principal amount of \$25.0 million (the "Subordinated Credit Facility"). The proceeds of the Subordinated Credit Facility: (i) cured our default on certain financial covenants under the Credit Facility, if needed as discussed above; (ii) provides additional liquidity to allow us time us; and (iii) funds our general working capital needs, including support of our transformation initiatives. See "Notes to complete these various initiatives. We expect to complete Consolidated Financial Statements" included in "Part II - Item 8. Financial Statements and Supplementary Data" included in this Form 10-K, for further information.

CEO

Effective October 28, 2024, the foregoing prior to announcing Board of Directors appointed John Ratigan as our first quarter fiscal 2024 results President and CEO and a member of the Board. Mr. Ratigan had been serving as our interim CEO since March 2024.

Business Outlook

As we enter fiscal 2024, while our 2025, business performance is improving, macroeconomic conditions continue to be challenging, and the operating environment is largely unpredictable, due to many factors including, factors such but not limited to: uncertainties related to our recently announced transformation strategy and associated actions we may take; uncertainties related to our ability to operate as inflation, rising concern, fluctuations in interest rates, rates; inflation; continuing resolutions associated with the U.S. Federal budget; repercussions of military conflicts in Russia, Ukraine and the Middle East; and a potential global recession. Order and production delays, contract protests, delayed cash collections from customers, disruptions in component availability, increased pricing both for labor and parts, lower levels of factory utilization and higher logistics and operational costs also continue to resulting from such conditions have or could impact our business.

Despite business as well. In light of these business conditions and resulting challenges, and although we anticipate some variability from time to time as we move through our One Comtech transformational change, for our first quarter of fiscal 2024, we are targeting consolidated net sales to sequentially increase approximately 1.0% to 4.0% and for our consolidated Adjusted EBITDA margin to range between 11.0% and 13.0%. Such targets reflect our assumptions regarding the timing of and performance on orders from the U.S. Army for VSAT equipment, as well as the timing of and our performance on our recently awarded \$544.0 million GFSR contract, which has been protested by the incumbent. While we expect a near-term close, such targets also do not assume any divestiture at this time due to the uncertain closing date of the transaction.

transformation strategy.

We do not provide forward-looking guidance on a GAAP basis because we are unable to predict certain items contained in the GAAP measure without unreasonable efforts. Because our consolidated Adjusted EBITDA, as a percentage of consolidated net sales, depends on the volume of sales, sales mix and related gross profit for each segment as well as unallocated spending, it is inherently difficult to forecast. Please refer to the discussion below under "Adjusted EBITDA" for more information.

Additional information related to our Business Outlook for Fiscal 2024 2025 and a definition and explanation of Adjusted EBITDA is included in the below section "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of Fiscal 2023 2024 and 2022 2023."

Comparison of Fiscal 2023 2024 and 2022 2023

Net Sales. Consolidated net sales were \$550.0 million \$540.4 million and \$486.2 million \$550.0 million for fiscal 2023 2024 and 2022 2023, respectively, representing an increase a decrease of \$63.8 million \$9.6 million, or 13.1% 1.7%. The period-over-period increase in net sales primarily decrease reflects significantly higher lower net sales in our Satellite and Space Communications segment offset, in part, by an increase in net sales in our Terrestrial and Wireless Networks segment, as further discussed below. The prior year included a full year of operations related to our solid state, high power amplifier product line divested in November 2023 (the "PST Divestiture"). Adjusted for the PST Divestiture and despite very challenging business conditions in fiscal 2024, our consolidated net sales grew slightly from fiscal 2023.

Satellite and Space Communications

Net sales in our Satellite and Space Communications segment were \$324.1 million for fiscal 2024 as compared to \$337.8 million for fiscal 2023, as compared to \$279.7 million for fiscal 2022, an increase a decrease of \$58.1 million \$13.7 million, or 20.8% 4.1%. Fiscal 2023 net sales in this segment 2024 primarily reflect reflects significantly higher net sales of our troposcatter and SATCOM solutions to both U.S. and international government customers (including delivery of our COMET™ troposcatter terminals to international customers, progress toward delivering next-generation troposcatter terminals to the U.S. Marine Corps and VSAT equipment for the U.S. Army) and, offset by lower net sales of satellite ground station technologies, offset infrastructure solutions (including X/Y steerable antennas), high power solid state amplifiers related to the PST Divestiture in part by lower sales of our high reliability EEE satellite-based space components. November 2023 and COMET troposcatter terminals to international customers. Our Satellite and Space Communications segment represented 61.4% 60.0% of consolidated net sales for fiscal 2023 2024 as compared to 57.5% 61.4% for fiscal 2022 2023. Our book-to-bill ratio (a measure defined as bookings divided by net sales) in this segment for fiscal 2023 2024 was 1.29x. 1.03x.

Bookings, sales and profitability in our Satellite and Space Communications segment can fluctuate dramatically from period-to-period due to many factors, including unpredictable funding, deployment and technology decisions by our U.S. and international government customers, and changes in the general business environment. As such, period-to-period comparisons of our results may not be indicative of a trend or future performance. Also, during the fourth quarter of fiscal 2024, as part of our recently announced transformation strategy, we made the decision to cease operations located in the United Kingdom related to our X/Y steerable antenna product line. As a result, we do not anticipate generating any meaningful sales from this product line in fiscal 2025 and beyond.

Terrestrial and Wireless Networks

Net sales in our Terrestrial and Wireless Networks segment were \$216.3 million for fiscal 2024, as compared to \$212.2 million for fiscal 2023, as compared to \$206.5 million for fiscal 2022, an increase of \$5.7 million \$4.1 million, or 2.8% 1.9%, reflecting higher net sales of our NG-911 solutions and call handling services, offset in part by lower net sales of our trusted location and messaging solutions and cyber security training services, based solutions. Our Terrestrial and Wireless Networks segment represented 38.6% 40.0% of consolidated net sales for fiscal 2023 2024 as compared to 42.5% 38.6% for fiscal 2022 2023. Our book-to-bill ratio (a measure defined as bookings divided by net sales) for in this segment for fiscal 2024 was 0.74x. 1.70x.

Bookings, sales and profitability in our Terrestrial and Wireless Networks segment can fluctuate from period-to-period due to many factors, including changes in the general business environment. Period-to-period fluctuations in bookings are normal for this segment. As such, period-to-period comparisons of our results may not be indicative of a trend or future performance. Also, on October 17, 2024, we announced that we are exploring strategic alternatives for our Terrestrial and Wireless Networks segment, which is in advanced stages. Accordingly, future results of operations can be impacted by the timing and outcome of such initiatives. There can be no assurance that the exploration of strategic alternatives will result in a transaction or other strategic changes or outcomes.

Geography and Customer Type

Sales by geography and customer type, as a percentage of related sales, for the fiscal years ended July 31, 2023 July 31, 2024 and 2022 2023 are as follows:

	Fiscal Years Ended July 31,						Fiscal Years Ended July 31,					
	2023	2022	2023	2022	2023	2022	2024	2023	2024	2023	2024	2023
2024												

		Terrestrial and Wireless Networks						Satellite and Space Communications			Terrestrial and Wireless Networks			Consolidated		
		Satellite and Space Communications		Wireless Networks		Consolidated		Satellite and Space Communications		Wireless Networks		Consolidated				
U.S. government	U.S. government	49.9 %	45.6 %	1.7 %	2.4 %	31.3 %	27.2 %	U.S. government	55.4 %	49.9 %	1.1 %	1.7 %	33.7 %	31.3 %		
Domestic	Domestic	16.7 %	18.0 %	89.2 %	88.1 %	44.7 %	47.8 %	Domestic	15.1 %	16.7 %	89.4 %	89.2 %	44.8 %	44.7 %		
Total U.S.	Total U.S.	66.6 %	63.6 %	90.9 %	90.5 %	76.0 %	75.0 %	Total U.S.	70.5 %	66.6 %	90.5 %	90.9 %	78.5 %	76.0 %		
International	International	33.4 %	36.4 %	9.1 %	9.5 %	24.0 %	25.0 %									
International	International								29.5 %	33.4 %	9.5 %	9.1 %	21.5 %	24.0 %		
Total	Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %		

57

Sales to U.S. government customers include sales to the U.S. DoD, intelligence and civilian agencies, as well as sales directly to or through prime contractors.

Domestic sales include sales to commercial customers, as well as to U.S. state and local governments. Included For fiscal 2024, except for the U.S. government, there were no customers that represented more than 10% of consolidated net sales. For fiscal 2023, included in domestic sales are sales to Verizon Communications Inc. ("Verizon"), which accounted for were 10.6% and 11.1% of consolidated net sales for fiscal 2023 and 2022, respectively. sales.

International sales for fiscal 2023 2024 and 2022 2023 (which include sales to U.S. domestic companies for inclusion in products that are sold to international customers) were \$132.1 million \$115.9 million and \$121.4 million \$132.1 million, respectively. Except for the U.S., no individual country (including sales to U.S. domestic companies for inclusion in products that are sold to a foreign country) represented more than 10% of consolidated net sales for fiscal 2023 2024 and 2022, 2023.

Gross Profit. Gross profit was \$184.5 million \$157.2 million and \$179.8 million \$184.5 million for fiscal 2023 2024 and 2022, 2023, respectively. Gross profit, as a percentage of consolidated net sales, for fiscal 2023 2024 was 33.5% 29.1% as compared to 37.0% 33.5% for fiscal 2022, 2023. Our gross profit (both in dollars and as a percentage of consolidated net sales) reflects an increase in net sales and overall product mix changes including significantly higher net sales (including the impact of our troposcatter and SATCOM solutions to U.S. and international government customers and satellite ground station technologies, the PST Divestiture, as discussed above. In addition, during fiscal 2023, and 2022, we recorded benefits a benefit of \$2.3 million and \$2.5 million, respectively, to cost of sales as we reduced a warranty accrual due to lower than expected warranty claims in our NG-911 product line. Our gross profit in both periods reflects start-up costs associated with the opening of our new high-volume technology manufacturing centers, as well as increased costs resulting from inflationary pressures. Gross profit, as a percentage of related segment net sales, is further discussed below.

Our Satellite and Space Communications segment's gross profit, as a percentage of related segment net sales, for fiscal 2023 2024 decreased in comparison to fiscal 2022, 2023. The decrease in gross profit percentage primarily in the more recent period reflects changes in products and services mix, as discussed above. During above, and higher expected costs at completion as we advanced certain nonrecurring engineering related projects in our satellite ground infrastructure product line through development and toward production. Also, fiscal 2022, we incurred \$1.1 million of incremental operating costs 2024 gross profit in this segment reflects challenging business conditions related to our steerable antenna facility operations located in the United Kingdom due to the impact of the COVID-19 pandemic. Similar operating costs were not incurred in fiscal 2023. that we recently announced exiting.

Our Terrestrial and Wireless Networks segment's gross profit, as a percentage of related segment net sales, for fiscal 2023 2024 decreased in comparison to fiscal 2022, 2023. The gross profit percentage in fiscal 2023 primarily the more recent period reflects changes in products and services mix, as discussed above.

67

Included in consolidated cost of sales are provisions for excess and obsolete inventory of \$4.9 million \$2.8 million and \$4.4 million \$4.9 million, for fiscal 2023 2024 and 2022, 2023, respectively. As discussed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies - Provisions for Excess and Obsolete Inventory," we regularly review our inventory and record a provision for excess and obsolete inventory based on historical and projected usage trends. On October 17, 2024, we announced that we are executing a strategy to transform Comtech into a pure-play satellite and space communications company. Ongoing and future actions supporting the transformation strategy include the pursuit of further portfolio-shaping opportunities to enhance profitability, efficiency and focus and the implementation of additional organizational, operational and cost-savings initiatives to both achieve profitable results from operations as well as to align our go-forward cost structure with a pure-play focus on

satellite and space communications. While anticipated to improve our profitability in future periods, such actions may result in near term restructuring charges, including an increase in our provision for excess and obsolete inventory.

Over time, and as we progress through fiscal 2024, we expect our gross margins in both segments to improve as a result of our ongoing initiatives, for example, to optimize our supply chain and facility footprint. However, our Our consolidated gross profit, as a percentage of consolidated net sales, depends on the volume of sales, sales mix and related gross profit for each segment, and therefore is inherently difficult to forecast. Our consolidated gross profit, as a percentage of consolidated net sales may also be impacted by the timing and outcome of actions we may take related to our transformation strategy initiatives.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$120.0 million \$123.2 million and \$114.9 million \$120.0 million for fiscal 2023 2024 and 2022, 2023, respectively. As a percentage of consolidated net sales, selling, general and administrative expenses were 21.8% 22.8% and 23.6% 21.8% for fiscal 2023 2024 and 2022, 2023, respectively.

During fiscal 2023 2024 and 2022, 2023, we incurred \$10.9 million \$12.5 million and \$6.0 million \$10.9 million, respectively, of restructuring costs primarily related to streamline streamlining our operations and improve improving efficiency, including severance and costs related to associated with the relocation of certain of our satellite ground station infrastructure production facilities to our new 146,000 square foot facility in Chandler, Arizona. Fiscal 2024 costs also include those activities supporting the PST Divestiture in November 2023 and, more recently, our announced pursuit of strategic alternatives related to our Terrestrial and Wireless Networks segment. Excluding restructuring costs, selling, general and administrative expenses for fiscal 2023 2024 and 2022, 2023 would have been \$110.9 million or 20.5% and \$109.2 million or 19.9% and \$108.9 million or 22.4%, respectively, of consolidated net sales. The decrease in our selling, general and administrative expenses, as a percentage of consolidated net sales, is primarily due to higher consolidated net sales, as discussed above. Our selling, general and administrative expenses in the most recent period also reflect higher labor costs associated with a tight global labor market, increased investments in marketing, including new social media activities and other investments we are making to achieve our long-term business goals. Such spending is expected to continue during fiscal 2024.

Amortization of stock-based compensation expenses expense recorded as selling, general and administrative expenses was \$4.8 million in fiscal 2024 as compared to \$8.0 million in fiscal 2023. Although higher in the prior fiscal 2023 as compared to \$6.3 million in period, both fiscal 2022, Fiscal 2024 and 2023 includes include fully vested stock-based awards granted to certain employees in lieu of fiscal 2023 annual non-equity incentive compensation. Amortization Also, the more recent period reflects a benefit associated with the forfeitures of stock-based compensation expense for fiscal 2022 includes \$0.8 million awards related to the retirement, in December 2021, of three long-standing members of the Board of Directors, our former CEO. Amortization of stock-based compensation is not allocated to our two reportable operating segments.

Research and Development Expenses. Research and development expenses were \$48.6 million \$24.1 million and \$52.5 million \$48.6 million for fiscal 2023 2024 and 2022, 2023, respectively, representing a decrease of \$3.9 million \$24.5 million, or 7.4% 50.4%. As a percentage of consolidated net sales, research and development expenses were 8.8% 4.5% and 10.8% 8.8% for fiscal 2023 2024 and 2022, 2023, respectively.

For fiscal 2023 2024 and 2022, 2023, research and development expenses of \$22.4 million \$12.9 million and \$26.5 million \$22.4 million, respectively, related to our Satellite and Space Communications segment, and \$10.6 million and \$25.2 million in both periods, respectively, related to our Terrestrial and Wireless Networks segment. The remaining research and development expenses of \$1.0 million \$0.5 million and \$0.8 million \$1.0 million in fiscal 2023 2024 and 2022, 2023, respectively, related to the amortization of stock-based compensation expense.

During fiscal 2023 2024 and 2022, 2023, we incurred \$3.8 million \$4.1 million and \$1.2 million \$3.8 million, respectively, of strategic emerging technology costs in our Satellite and Space Communications segment for next-generation satellite technology to advance our solutions offerings to be used with new broadband satellite constellations. We are progressing with expect strategic emerging technology costs to decrease in fiscal 2025 as a result of our evaluation of this new market in relation fourth quarter fiscal 2024 decision to cease operations related to our long-term business strategies, and expect to complete such evaluation steerable antenna product line in fiscal 2024, the United Kingdom.

Whenever possible, we seek customer funding for research and development to adapt our products to specialized customer requirements. During fiscal 2023 2024 and 2022, 2023, customers reimbursed us \$14.0 million \$18.9 million and \$9.8 million \$14.0 million, respectively, which is not reflected in the reported research and development expenses but is included in net sales with the related costs included in cost of sales.

In addition to the recent increases in customer-funded research and development activities, in fiscal 2024, we also experienced an increase in engineering efforts related to cost to fulfill contract assets and internal use software, for which we capitalized \$2.9 million and \$3.8 million, respectively. As a result of these trends, a more focused prioritization of resources across various programs and the impact of prior reductions in force announced in fiscal 2023, our research and development expenses for financial reporting purposes significantly decreased in fiscal 2024 as compared to historical periods.

Amortization of Intangibles. Amortization relating to intangible assets with finite lives was \$21.2 million for fiscal 2024 (of which \$6.7 million was for the Satellite and Space Communications segment and \$14.5 million was for the Terrestrial and Wireless Networks segment) and \$21.4 million for fiscal 2023 (of which \$7.3 million was for the Satellite and Space Communications segment and \$14.1 million was for the Terrestrial and Wireless Networks segment) for both fiscal 2023 and 2022.

Proxy Solicitation Costs Impairment of Long-lived Assets, including Goodwill. During the fourth quarter of fiscal 2022, year 2024, our lower-than-expected financial performance, cured default on certain credit facility covenants and sustained decrease in our stock price since August 1, 2023 were each considered triggering events requiring an interim quantitative goodwill impairment test as of July 31, 2024. Based on our quantitative evaluation, we incurred \$11.2 million determined that our Satellite and Space Communications reporting unit had an estimated fair value below its carrying value and concluded that our goodwill in this reporting unit was impaired. As a result, in the fourth quarter of proxy solicitation costs (including legal fiscal 2024, we recognized a non-cash \$48.9 million goodwill impairment charge in our Satellite and advisory fees and costs Space Communications reporting unit. In addition to testing goodwill associated with our Satellite and Space Communications reporting unit for impairment, we also assessed the recoverability of the carrying values of our other long-lived assets, including identifiable intangible assets with finite useful lives. Such testing also considered our decision in the fourth quarter of fiscal 2024 to cease our steerable antenna operations located in the United Kingdom. Based on our evaluation, we determined that the fair value of the asset group related to such operations was lower than its carrying value and recorded a related lawsuit non-cash \$15.6 million long-lived asset impairment charge in our Unallocated segment as a result of a now settled proxy contest initiated by a shareholder. There were no similar costs during fiscal 2023 Satellite and Space Communications segment. See "Notes to Consolidated Financial Statements" included in "Part II - Item 8. Financial Statements and Supplementary Data" included in this Form 10-K for further information.

CEO Transition Costs. For the three fiscal years ended July 31, 2024, cumulative CEO transition costs aggregated \$25.6 million. CEO transition costs were \$2.9 million for fiscal 2024 and principally consisted of legal expenses related to the March 2024 termination of our former CEO, Mr. Peterman, for cause due to conduct unrelated to our business strategy, financial results or previously filed financial statements. CEO transition costs were \$9.1 million for fiscal 2023. On August 9, 2022, our Board 2023, of Directors appointed our Chairman of the Board, Mr. Peterman, as President and CEO. Transition costs which \$7.4 million related to our former President and CEO, Mr. Porcelain, pursuant to his separation agreement with the Company, were \$7.4 million, of which \$3.8 million and \$1.7 million related to the acceleration of unamortized stock-based compensation, with the remaining \$3.6 million related to his severance payments and benefits upon termination of employment. The cash portion of the transition costs of \$3.6 million was paid to our other former CEO, Mr. Porcelain in October 2022. Also, in connection with Mr. Peterman entering into an employment agreement with the Company, effective as of August 9, 2022, we incurred a \$1.0 million expense related to a cash sign-on bonus, which was paid in January 2023. CEO transition costs related to Mr. Porcelain and Mr. Peterman were expensed in our Unallocated segment.

Kornberg. CEO transition costs were \$13.6 million for fiscal 2022 and entirely related to our former CEO, Fred Mr. Kornberg. Of such amount, \$10.3 million related to Mr. Kornberg's severance payments and benefits upon termination of his employment; the remainder related to him agreeing to serve as a Senior Technology Advisor for a minimum of two years. CEO transition costs related to Mr. Kornberg were are expensed in our Unallocated segment.

Loss on Business Divestiture. In connection with the PST Divestiture, during fiscal 2024, we recorded a \$1.2 million loss in our Unallocated segment due to the acquirer not achieving certain post-divestiture earn-out criteria. Although a loss for GAAP purposes, the PST Divestiture resulted in a gain for tax purposes. However, we completed the PST Divestiture in a tax efficient manner as we utilized a portion of the capital loss carryforward (related to the failed 2020 Gilat acquisition) which was set to expire in 2026.

Operating Income (Loss). Income. Operating loss for fiscal 2024 and 2023 was \$79.9 million and 2022 was \$14.7 million and \$33.8 million, respectively. Operating (loss) income (loss) by reportable segment is shown in the table below:

Fiscal Years Ended July 31,								
	2023	2022	2023	2022	2023	2022		
Fiscal Years Ended July 31,								
	2024							
(\$ in millions)	(\$ in millions)	Satellite and Space Communications	Terrestrial and Wireless Networks	Unallocated	Consolidated	(\$ in millions)	Satellite and Space Communications	
Operating income (loss)	\$ 15.0	\$ (5.7)	\$12.3	\$18.9	\$ (42.0)	\$ (47.0)	\$ (14.7)	\$ (33.8)
Operating (loss) income							2024	2023
Percentage of related net sales	Percentage of related net sales	4.5 %	NA	5.8 %	9.2 %	NA	Terrestrial and Wireless Networks	2024
						NA	Unallocated	2023
						NA	Consolidated	2024

Our GAAP operating loss of \$79.9 million for fiscal 2024 reflects: (i) a \$64.5 million non-cash charge related to the impairment of certain long-lived assets, including goodwill, in our Satellite and Space Communications segment; (ii) \$21.2 million of amortization of intangibles; (iii) \$12.5 million of restructuring costs (of which \$3.8 million, \$0.6 million and \$8.1 million related to our Satellite and Space Communications, Terrestrial and Wireless Networks and Unallocated segments, respectively); (iv) \$6.1 million of amortization of stock-based compensation; (v) \$4.1 million of strategic emerging technology costs; (vi) \$2.9 million of CEO transition costs; (vii) a \$1.2 million loss on the PST Divestiture reported in our Unallocated segment; and (viii) \$1.0 million of amortization of cost to fulfill assets, as discussed above. Excluding such items, our consolidated operating income for fiscal 2024 would have been \$33.5 million.

Our GAAP operating loss of \$14.7 million for fiscal 2023 reflects: (i) \$21.4 million of amortization of intangibles; (ii) \$10.9 million of restructuring costs (of which \$5.7 million, \$1.3 million and \$3.9 million related to our Satellite and Space Communications, Terrestrial and Wireless Networks and Unallocated segments, respectively); (iii) \$10.1 million of amortization of stock-based compensation; (iv) \$9.1 million of CEO transition costs; (v) \$3.8 million of strategic emerging technology costs; and (vi) \$1.0 million of amortization of cost to fulfill assets, as discussed above. Excluding such items, our consolidated operating income for fiscal 2023 would have been \$41.6 million.

Our GAAP operating loss of \$33.8 million for fiscal 2022 reflects: (i) \$21.4 million of amortization of intangibles; (ii) \$13.6 million of CEO transition costs; (iii) \$11.2 million of proxy solicitation costs; (iv) \$7.8 million of amortization of stock-based compensation; (v) \$6.0 million of restructuring costs; (vi) \$1.2 million of strategic emerging technology costs; (vii) \$1.1 million of incremental operating costs due to the lingering impact of COVID-19; and (viii) \$0.5 million of amortization of cost to fulfill assets as discussed above. Excluding such items, our consolidated operating income for fiscal 2022 would have been \$28.9 million.

The **increase** in operating income, excluding the above items, from \$28.9 million for fiscal 2022 to \$41.6 million for fiscal 2023 to \$33.5 million for fiscal 2024 primarily reflects the **lower** consolidated net sales and gross profit (both in dollars and as a percentage of consolidated net sales) and higher selling, general and administrative expenses (due to increased headcount, legal and professional fees and cash incentive compensation), offset in part by lower research and development expenses in both of our One Comtech lean initiatives implemented in fiscal 2023 and, to a lesser extent, higher consolidated net sales, reportable operating segments, as discussed above. Operating income (loss) by reportable segment is further discussed below.

The **increase** in our Satellite and Space Communications segment operating income **both** for fiscal 2024 primarily reflects the non-cash impairment charge related to certain long-lived assets, including goodwill, and lower net sales and gross profit (both in dollars and as a percentage of the related segment net sales, for fiscal 2023 was driven primarily by sales), offset in part by an increase in related segment net sales and lower research and development expenses, as discussed above.

The **decrease** in our Terrestrial and Wireless Networks segment operating income, both in dollars and as a percentage of the related segment net sales, for fiscal 2023 was driven primarily by changes in products 2024 reflects lower research and services mix, development expenses, as discussed above.

Excluding the **loss on the PST Divestiture**, the **impact of CEO transition costs, proxy solicitation costs** and its respective portion of restructuring charges **in each period**, Unallocated expenses for fiscal 2023 2024 would have been \$29.0 million \$35.3 million, as compared to \$21.9 million \$29.0 million for fiscal 2022 2023. The increase in Unallocated expenses, excluding such items, was primarily due to our increased investments in marketing, including new social media activities, higher selling, general and other investments we are making to achieve our long-term business goals, administrative expenses, as discussed above. Amortization of stock-based compensation was \$10.1 million \$6.1 million and \$7.8 million \$10.1 million, respectively, for fiscal 2024 and 2023. Although higher in the prior fiscal 2023 period, both fiscal 2024 and 2022, and includes 2023 include fully vested stock-based awards granted to certain employees in lieu of fiscal 2023 and 2022 annual non-equity incentive compensation. **Stock-based** Also, stock-based compensation **expense** for fiscal 2022 also includes \$0.8 million the more recent period reflects a benefit associated with the forfeitures of awards related to the retirement of three, long-standing Board members, who retired in December 2021, our former CEO.

Interest Expense and Other. Interest expense was \$15.0 million \$22.2 million and \$5.0 million \$15.0 million for fiscal 2023 2024 and 2022 2023, respectively. The increase is due to a higher average debt balance outstanding during fiscal 2023, as well as 2024, a general rise in interest rates compared to the prior year and higher interest rates. **rates under our Credit Facility** entered into in June 2024 (see "Notes to Consolidated Financial Statements - Note (8) - Credit Facility" included in "Part II - Item 8. Financial Statements and Supplementary Data" for further discussion of the Credit Facility). Our effective interest rate (including amortization of deferred financing costs) in fiscal 2023 2024 was approximately 8.9% 12.3% as compared to 3.4% 8.9% in fiscal 2022 2023. Our current cash borrowing rate (which excludes the amortization of deferred financing costs) under our **existing Credit Facility** is approximately 9.2% 14.8%.

Interest (Income) and Other. Interest (income) and other for both fiscal 2023 2024 and 2022 2023 was nominal. All of our available cash and cash equivalents are currently invested in bank deposits and money market deposit accounts which, at this time, are currently yielding an immaterial interest rate.

Write-off of Deferred Financing Costs. During the fourth quarter of fiscal 2024, in connection with the extinguishment and refinancing of our Prior Credit Facility through a new syndicate of lenders, we fully expensed all \$1.8 million of the remaining deferred financing costs related to the Prior Credit Facility.

Change in Fair Value of Convertible Preferred Stock Purchase Option Liability, Warrants. During fiscal 2022 2024, we recorded a \$1.0 million non-cash \$4.3 million net benefit from the remeasurement of warrants. The net benefit was driven by the convertible preferred impact of a lower market price of our common stock purchase option liability. There was no similar adjustment recorded during fiscal 2023, after the issuance of the warrants to the holders of our Series B-1 Convertible Preferred Stock in January 2024, offset in part by a higher market price of our common stock after the issuance of warrants to certain lenders under our Credit Facility in June 2024. See "Notes to Consolidated Financial Statements - Note (15) (16) - Convertible Preferred Stock" and "Note (8) - Credit Facility" included in "Part II - Item 8. Financial Statements and Supplementary Data" for more information.

Benefit from Income Taxes. For fiscal 2023/2024 and fiscal 2022/2023, we recorded tax benefits of \$3.9 million and \$0.3 million and \$4.0 million and \$3.9 million, respectively. Our effective tax rate (excluding discrete tax items) for fiscal 2023/2024 was 14.5% and 8.1%, as compared to 28.0% and 14.5% for fiscal 2022/2023. The decrease in the rate was primarily due to the recognition of a valuation allowance changes in a foreign jurisdiction, expected product and geographical mix. For purposes of determining our 14.5% annual 8.1% effective tax rate for fiscal 2023/2024, the impairment of long-lived assets, including goodwill, the change in fair value of warrants, CEO transition costs and the impact of the PST Divestiture are each considered significant, unusual or infrequently occurring discrete tax items and are excluded from the computation of our effective tax rate. For purposes of determining our 14.5% effective tax rate for fiscal 2023, CEO transition costs were considered significant, unusual or infrequently occurring discrete tax items and excluded from the computation of our effective tax rate.

During fiscal 2024, we recorded a net discrete tax expense of \$2.7 million, primarily related to stock-based awards and the establishment of a valuation allowance on U.S. net deferred tax assets, partially offset by the reversal of tax contingencies no longer required due to the expiration of applicable statute of limitations. During fiscal 2023, we recorded a net discrete tax benefit of \$0.8 million, primarily related to the reversal of tax contingencies no longer required due to the expiration of applicable statute of limitations and the deductible portion of CEO transition costs, offset in part by the settlement of stock-based awards and the finalization of certain tax accounts in connection with our fiscal 2022 federal and state income tax returns. During fiscal 2022, we recorded a net discrete tax benefit of \$0.6 million, primarily related to the deductible portion of CEO transition costs and proxy solicitation costs. These benefits were partially offset by the establishment of a valuation allowance on certain foreign related net deferred tax assets and the settlement of certain stock-based awards during fiscal 2022.

Our U.S. federal income tax returns for fiscal 2020 through 2021 through 2022 through 2023 are subject to potential future IRS audit. None of our state income tax returns prior to fiscal 2019 through 2020 are subject to audit. Future tax assessments or settlements could have a material adverse effect on our consolidated results of operations and financial condition.

Net Loss Attributable to Common Stockholders. During fiscal 2023 and 2022, consolidated net loss attributable to common stockholders was \$33.9 million and \$135.4 million and \$43.3 million, respectively. In addition to those items discussed above, the more recent period also includes: (i) \$19.6 million of expenses related to the exchange of our Series A-1 Convertible Preferred Stock for Series B Convertible Preferred Stock on January 22, 2024 (inclusive of the initial fair value of warrants issued to such holders) and the exchange of our Series B Convertible Preferred Stock for Series B-1 Convertible Preferred Stock on June 17, 2024; (ii) \$11.6 million of dividends related to our Convertible Preferred Stock outstanding during fiscal 2024; and (iii) \$4.3 million of Series B Convertible Preferred Stock issuance costs (consisting of third party financial advisor, legal and professional fees).

Adjusted EBITDA. Adjusted EBITDA (both in dollars and as a percentage of related net sales) for both fiscal 2023 and 2022 are shown in the table below (numbers in the table may not foot due to rounding):

		Fiscal Years Ended July 31,						
		2023	2022	2023	2022	2023	2022	2023
		Fiscal Years Ended July 31,						
		2024						
(\$ in millions)	(\$ in millions)							
		Terrestrial and						
		Satellite and Space		Wireless				
		Communications		Networks		Unallocated		Consolidated
Net income (loss)		\$ 15.5	(3.9)	12.3	18.8	(54.7)	(48.0)	(\$26.9) (33.1)
Benefit from income taxes		(1.7)	(1.1)	(0.2)	—	(2.0)	(2.9)	(3.9) (4.0)
Net (loss) income								
Provision for (benefit from) income taxes								
Interest expense								
Interest (income) and other	Interest (income) and other	1.2	(0.8)	0.2	0.1	(0.2)	—	1.2 (0.7)

Change in fair value of convertible preferred stock option liability	—	—	—	—	—	(1.0)	—	(1.0)			
Interest expense	—	0.1	—	—	15.0	4.9	15.0	5.0			
Write-off of deferred financing costs											
Change in fair value of warrants and derivatives											
Amortization of stock-based compensation	Amortization of stock-based compensation	—	—	—	—	10.1	7.8	10.1	7.8		
Amortization of intangibles	Amortization of intangibles	7.3	7.3	14.1	14.1	—	—	21.4	21.4		
Depreciation	Depreciation	4.1	4.0	7.6	6.1	0.2	0.2	11.9	10.3		
Impairment of long-lived assets, including goodwill											
Amortization of cost to fulfill assets	Amortization of cost to fulfill assets	1.0	0.5	—	—	—	—	1.0	0.5		
CEO transition costs	CEO transition costs	—	—	—	—	9.1	13.6	9.1	13.6		
Proxy solicitation costs	Proxy solicitation costs	—	—	—	—	—	11.2	—	11.2		
Restructuring costs	Restructuring costs	5.7	5.7	1.3	—	3.9	0.3	10.9	6.0		
Strategic emerging technology costs	Strategic emerging technology costs	3.8	1.2	—	—	—	—	3.8	1.2		
COVID-19 related costs	COVID-19 related costs	—	1.1	—	—	—	—	—	1.1		
Loss on business divestiture											
Adjusted EBITDA	Adjusted EBITDA	\$ 37.0	14.1	35.3	39.1	(18.8)	(13.9)	\$ 53.5	39.3		
Percentage of related net sales	Percentage of related net sales	11.0 %	5.0 %	16.6 %	18.9 %	NA	NA	9.7 %	8.1 %		
						Percentage of related net sales	9.2 %	11.0 %	20.6 %	16.6 %	NA

The **increase** **decrease** in consolidated Adjusted EBITDA, both in dollars and as a percentage of consolidated net sales, for fiscal **2023** **2024** as compared to fiscal **2022** **2023** primarily reflects the **benefit** **lower** consolidated net sales and gross profit (both in dollars and as a percentage of consolidated net sales) and higher selling, general and administrative expenses, offset in part by lower research and development expenses in both of our **One Comtech** lean initiatives implemented through fiscal **2023**, reportable operating segments, as discussed above.

The **increase** **decrease** in our Satellite and Space Communications segment's Adjusted EBITDA, both in dollars and as a percentage of related segment net sales, **is primarily due to an increase** **reflects lower net sales and gross profit (both in dollars and as a percentage of related segment net sales and sales)**, offset in part by lower research and development expenses, as discussed **above**, **above**

The **decrease** **increase** in our Terrestrial and Wireless Networks segment's Adjusted EBITDA, both in dollars and as a percentage of related segment net sales, **is primarily due to changes** **reflects lower research and development expenses, offset in products and services mix, part by a lower gross profit percentage on related segment net sales**, as discussed **above**.

Because our consolidated Adjusted EBITDA, as a percentage of consolidated net sales, depends on the volume of sales, sales mix and related gross profit for each segment as well as unallocated spending, it is inherently difficult to forecast. Also, our consolidated Adjusted EBITDA could be impacted by the timing and outcome of our recently announced strategy to transform Comtech into a pure-play satellite and space communications company.

61

Reconciliations of our GAAP consolidated operating **(loss)** **income, loss, net (loss) income loss** attributable to common stockholders and net **(loss) income loss** per diluted common share for fiscal **2022** **2024** and **2021** **2023** to the corresponding Non-GAAP measures are shown in the tables below (numbers and per share amounts in the table may not foot due to rounding). Non-GAAP net **(loss)** **income** attributable to common stockholders and net **(loss)** **income** per diluted common share reflect Non-GAAP provisions for income taxes based on full year results, as adjusted for the Non-GAAP reconciling items included in the tables below. We evaluate our Non-GAAP effective income tax rate on an ongoing basis, and it can change from time to time. Our Non-GAAP effective income tax rate can differ materially from our GAAP effective income tax rate. In addition, due to the GAAP net loss for the period, Non-GAAP EPS for fiscal **2023** **2024** and **2022** **2023** was computed using weighted average diluted shares outstanding of **28,376,000** **29,132,000** and **27,188,000** **28,376,000**, respectively.

(\$ in millions, except for per share amounts)	Fiscal 2023			
	Net (Loss) Income Attributable to Common Stockholders			
	Operating (Loss) Income	Net (Loss) Income per Diluted Common Share		
Reconciliation of GAAP to Non-GAAP Earnings:				
GAAP measures, as reported	\$ (14.7)	\$ (33.9)	\$ (1.21)	
Adjustments to reflect redemption value of convertible preferred stock	—	7.0	0.25	
Amortization of intangibles	21.4	16.6	0.59	
Restructuring costs	10.9	8.3	0.30	
Amortization of stock-based compensation	10.1	7.9	0.28	
CEO transition costs	9.1	8.6	0.31	
Strategic emerging technology costs	3.8	3.4	0.12	
Amortization of cost to fulfill assets	1.0	1.0	0.03	
Net discrete tax benefit	—	(0.3)	(0.01)	
Non-GAAP measures	\$ 41.6	\$ 18.5	\$ 0.65	

Fiscal 2022					Fiscal 2024				
Fiscal 2024					Fiscal 2024				
(\$ in millions, except for per share amounts)		Operating Income	Attributable to Common Stockholders	Net (Loss) Income per Common Share	(\$ in millions, except for per share amounts)		Operating (Loss) Income	Net (Loss) Income Attributable to Common Stockholders	Net (Loss) Income per Diluted Common Share

Reconciliation of GAAP to Non-GAAP Earnings:		Reconciliation of GAAP to Non-GAAP Earnings:		
GAAP measures, as reported	GAAP measures, as reported	\$ (33.8)	\$ (43.3)	\$ (1.63)
GAAP measures, as reported	GAAP measures, as reported			
Loss on extinguishment of convertible preferred stock				
Adjustments to reflect redemption value of convertible preferred stock	Adjustments to reflect redemption value of convertible preferred stock	—	10.2	0.39
Change in fair value of warrants and derivatives				
Impairment of long-lived assets, including goodwill				
Amortization of intangibles	Amortization of intangibles	21.4	16.3	0.62
Restructuring costs				
Amortization of stock-based compensation				
Strategic emerging technology costs				
CEO transition costs	CEO transition costs	13.6	13.0	0.49
Proxy solicitation costs		11.2	8.7	0.33
Amortization of stock-based compensation		7.8	6.1	0.23
Restructuring costs		6.0	4.6	0.17
Strategic emerging technology costs		1.2	0.9	0.03
COVID-19 related costs		1.1	0.8	0.03
Loss on business divestiture				
Amortization of cost to fulfill assets	Amortization of cost to fulfill assets	0.5	0.4	0.01
Change in fair value of convertible preferred stock purchase option liability		—	(1.0)	(0.04)
Net discrete tax expense	Net discrete tax expense	—	2.6	0.10

Non-GAAP measures	\$ 28.9	\$ 19.3	\$ 0.71
-------------------	---------	---------	---------

62.72

(\$ in millions, except for per share amounts)	Fiscal 2023			
	Net (Loss) Income Attributable to		Net (Loss) Income per	
	Operating (Loss) Income	Common Stockholders	Diluted Common Share	
GAAP measures, as reported	\$ (14.7)	\$ (33.9)	\$ (1.21)	
Adjustments to reflect redemption value of convertible preferred stock	—	7.0	0.25	
Amortization of intangibles	21.4	16.6	0.59	
Restructuring costs	10.9	8.3	0.30	
Amortization of stock-based compensation	10.1	7.9	0.28	
CEO transition costs	9.1	8.6	0.31	
Strategic emerging technology costs	3.8	3.4	0.12	
Amortization of cost to fulfill assets	1.0	1.0	0.03	
Net discrete tax benefit	—	(0.3)	(0.01)	
Non-GAAP measures	\$ 41.6	\$ 18.5	\$ 0.65	

Our Adjusted EBITDA is a Non-GAAP measure that represents earnings (loss) before interest, income taxes, interest (income) and other, change in fair value depreciation expense, amortization of the convertible preferred stock purchase option liability, write-off of deferred financing costs, interest expense, intangibles, amortization of stock-based compensation, amortization of intangibles, depreciation expense, amortization of cost to fulfill assets, estimated contract settlement costs, settlement of intellectual property litigation, acquisition plan expenses, restructuring costs, COVID-19 related costs, strategic emerging technology costs (for next-generation satellite technology), facility exit change in fair value of warrants and derivatives, write-off of deferred financing costs, CEO transition costs, impairment of long-lived assets, including goodwill, loss on business divestiture and, in the past, acquisition plan expenses, change in fair value of convertible preferred stock purchase option liability, COVID-19 related costs, facility exit costs, proxy solicitation costs and strategic alternatives analysis expenses and other. Although closely aligned, our definition of Adjusted EBITDA is different than EBITDA (as such term is defined in our Credit Facility) utilized for financial covenant calculations and also may differ from the definition of EBITDA or Adjusted EBITDA used by other companies and therefore may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA is also a measure frequently requested by our investors and analysts. We believe that investors and analysts may use Adjusted EBITDA, along with other information contained in our SEC filings, including GAAP measures, in assessing our performance and comparability of our results with other companies. Our Non-GAAP measures reflect the GAAP measures as reported, adjusted for certain items as described herein and also excludes the effects of our outstanding convertible preferred stock.

These Non-GAAP financial measures have limitations as an analytical tool as they exclude the financial impact of transactions necessary to conduct our business, such as the granting of equity compensation awards, and are not intended to be an alternative to financial measures prepared in accordance with GAAP. These measures are adjusted as described in the reconciliation of GAAP to Non-GAAP measures in the tables presented herein, but these adjustments should not be construed as an inference that all of these adjustments or costs are unusual, infrequent or non-recurring. Non-GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, financial measures determined in accordance with GAAP. Investors are advised to carefully review the GAAP financial results that are disclosed in our SEC filings. We As we have not provided targets for fiscal 2025, we have also not quantitatively reconciled our Q1 fiscal 2024 Adjusted EBITDA target 2025 outlook to the most directly comparable GAAP measure because measures. Furthermore, even if targets had been provided, items such as stock-based compensation, adjustments to the provision for income taxes, amortization of intangibles and interest expense, which are specific items that impact these measures, have not yet occurred, are out of our control, or cannot be predicted. For example, quantification of stock-based compensation expense requires inputs such as the number of shares granted and market price that are not currently ascertainable. Accordingly, reconciliations to the Non-GAAP forward looking metrics are not available without unreasonable effort and such unavailable reconciling items could significantly impact our financial results.

Comparison of Fiscal 2022 2023 and 2021 2022

A detailed discussion of fiscal 2021 2023 items and year-over-year comparisons between 2022 2023 and 2021 2022 that are not included in this Form 10-K can be found in "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of Fiscal 2022 2023 and 2021 2022" in our Annual Report on Form 10-K for the year ended July 31, 2022 July 31, 2023.

Liquidity and Capital Resources

Our cash and cash equivalents were \$32.4 million and \$19.0 million at July 31, 2024 and \$21.7 million at July 31, 2023 and 2022, respectively. For fiscal 2023, our cash flows reflect the following:

- Net cash used in operating activities was \$54.5 million and \$4.4 million for fiscal 2024 and 2023, as compared to respectively. Net cash used in operating activities for fiscal 2024 and net cash provided by operating activities of \$2.0 million for fiscal 2022. Excluding 2023 would have been \$38.5 million and \$9.6 million, respectively, when excluding \$16.0 million and \$14.0 million and \$15.9 million, respectively, in aggregate cash payments for restructuring costs including severance, proxy solicitation costs and (including severance), CEO transition costs in fiscal 2023 and 2022, respectively, cash flows provided by operations would have been \$9.6 million and \$17.9 million, respectively, strategic emerging technology costs for next-generation satellite technology. The period-over-period decrease in cash flow flows from operating activities reflects overall changes in net working capital requirements, principally the timing of: (i) payments to vendors; and (ii) progress toward completion on contracts accounted for over time, including related shipments, billings and payments. collections. More specifically, in fiscal 2024, we experienced a significant increase in the overall level of contract assets (i.e., unbilled receivables) related to large, long-term contracts with certain U.S. government and international customers. While such contract assets are trending lower more recently due to shipments, billings and collections from our customers, such contract activity did result in a material increase in working capital during our fiscal 2024.
- Net cash provided by investing activities in fiscal 2024 was \$20.1 million compared to net cash used in investing activities for in fiscal 2023 and 2022 was of \$18.3 million and \$19.6 million, respectively. Net. Fiscal 2024 includes \$33.2 million of net cash used during fiscal 2023 and 2022 primarily reflects proceeds from the PST Divestiture, offset in part by capital expenditures to build-out cloud-based computer networks to support our previously announced NG-911 contract wins and capital investments and building improvements in connection with the opening of our new high-volume technology manufacturing centers. Net cash used in both periods also relates to expenditures for property, plant and equipment upgrades and enhancements. facilities.
- Net cash provided by financing activities was \$20.1 million \$47.8 million and \$8.4 million \$20.1 million for fiscal 2023 2024 and 2022, 2023, respectively. During fiscal 2023, 2024, we had net entered into a new Credit Facility and repaid in full the outstanding borrowings under our Prior Credit Facility Facility. During fiscal 2024, with respect to term loans, we received net proceeds of \$36.9 million \$157.1 million and made \$48.8 million in total repayments. During fiscal 2024, we had revolving loan net repayments of \$85.3 million, as compared to revolving loan net payments under our Credit Facility borrowings of \$71.0 million during \$36.9 million in fiscal 2022, 2023. During fiscal 2022 2024, we paid financing costs of \$10.3 million in connection with our credit facilities. During fiscal 2024, we received an aggregate of \$100.0 million \$43.2 million in net proceeds related to the issuance of a new series of our Series B Convertible Preferred Stock, to certain investors, and also paid \$4.3 million in related issuance costs (consisting of third party financial advisor, legal and professional fees). During fiscal 2024 and 2023, we paid deferred financing costs of \$3.8 million in connection with the amendment of our Credit Facility. During fiscal 2023 \$0.3 million and 2022, we paid \$8.7 million and \$11.0 million, respectively, in cash dividends to our common stockholders. We also made \$2.9 million \$3.8 million and \$6.1 million \$2.9 million of payments to remit employees' statutory tax withholding requirements related to the net settlement of stock-based awards during fiscal 2023 2024 and 2022, 2023, respectively.

63

The Credit Facility is discussed below and in "Notes to Consolidated Financial Statements - Note (7) - Credit Facility" included in "Part II - Item 8. Financial Statements and Supplementary Data" included in this Form 10-K.

The Convertible Preferred Stock is discussed below and in "Notes to Consolidated Financial Statements - Note (15) - Convertible Preferred Stock" included in "Part II - Item 8. Financial Statements and Supplementary Data" included in this Form 10-K.

Our investment policy relating to our cash and cash equivalents is intended to minimize principal loss while at the same time maximize the income we receive without significantly increasing risk. To minimize risk, we generally invest our cash and cash equivalents in money market mutual funds (both government and commercial), certificates of deposit, bank deposits, and U.S. Treasury securities. Many of our money market mutual funds invest in direct obligations of the U.S. government, bank securities guaranteed by the Federal Deposit Insurance Corporation, certificates of deposit and commercial paper and other securities issued by other companies. While we cannot predict future market conditions or market liquidity, we believe our investment policies are appropriate in the current environment. Ultimately, the availability of our cash and cash equivalents is dependent on a well-functioning liquid market.

In addition to making capital investments for our new high-volume manufacturing centers, we have been making significant capital expenditures and building out cloud-based computer networks to support our previously announced NG-911 contract wins for the states of Pennsylvania, South Carolina and Arizona. We expect capital investments for these and other initiatives to continue in fiscal 2024.

On July 13, 2022, we filed a \$200.0 million shelf registration statement with the SEC for the sale of various types of securities, including debt. This new shelf registration statement was declared effective by the SEC as of July 25, 2022 and expires on July 25, 2025.

On September 29, 2020, our Board of Directors authorized a \$100.0 million stock repurchase program, which replaced our prior program. The \$100.0 million stock repurchase program has no time restrictions and repurchases may be made from time to time in open-market or privately negotiated transactions, or by other means in accordance with federal securities laws. There were no repurchases of our common stock during fiscal 2023 and 2022.

During the third quarter of fiscal 2023, encouraged by the progress that we have made related to our One Comtech transformation, our launch of EVOKE and our emerging growth opportunities, as previously disclosed, our Board of Directors, together with management, adjusted the Company's capital allocation plans and determined to forgo a common stock dividend, thereby increasing our financial flexibility for future investments. Future common stock dividends, if any, remain subject to compliance with financial covenants under our Credit Facility, as well as Board approval and certain voting rights of holders of our Series A Convertible Preferred Stock.

Our material cash requirements are for working capital, capital expenditures, income tax payments, debt service (including interest), facilities lease payments, and dividends related to our Convertible Preferred Stock, which are payable in kind or in cash at our election.

We have historically met our cash requirements with funds provided by a combination of cash and cash equivalent balances, cash generated from operating activities and cash generated from equity and debt financing transactions. In our first quarter of fiscal 2022, we secured a \$100.0 million strategic growth investment to enhance our financial flexibility and strengthen our ability to capitalize on large contract awards and growing customer demand by making crucial investments in our satellite and space communications and terrestrial and wireless network solutions. Based on our current revenue visibility, we believe that our existing cash and cash equivalent balances, our cash generated from operating activities and amounts potentially available under our Credit Facility will be sufficient to meet our currently anticipated cash requirements in the next twelve months and beyond.

64

Our material cash requirements could increase beyond our current expectations due to factors such as general economic conditions, a change in government spending priorities, larger than usual customer orders, or a future redemption by the holders of our Series A Convertible Preferred Stock. Also, in light of our CEO's initiatives to grow the Company, we continue to review and evaluate our capital allocation plans. Furthermore, we may choose to raise additional funds through equity and debt financing transactions to provide additional flexibility or to pursue acquisitions. Although it is difficult in the current economic and credit environment to predict the terms and conditions of financing that may be available in the future, we believe that we would have sufficient access to credit from financial institutions and/or financing from public and private debt and equity markets.

As discussed further in "Notes to Consolidated Financial Statements - Note (18) – Subsequent Events" included in "Part II - Item 8. Financial Statements and Supplementary Data" included in this Form 10-K, in October 2023, we entered into a stock sale agreement relating to our solid-state, RF microwave high-power amplifiers and control components product line, which is included in our Satellite and Space Communications segment. The completion of this divestiture is subject to customary closing conditions. The preliminary sales price for this divestiture is \$35.0 million in cash, plus contingent consideration up to \$5.0 million based on the achievement of a revenue target or the receipt of an anticipated contract award as specified in the stock sale agreement. The sales price is also subject to adjustment based on the closing date net working capital of the divested business. Upon completing this transaction, in the short term, we anticipate using some or all of the net proceeds from this divestiture to meaningfully reduce our outstanding debt, leverage ratio and cash interest requirements.

Credit Facility

See "Notes to Consolidated Financial Statements - Note (8) - Credit Facility" included in "Part II - Item 8. Financial Statements and Supplementary Data," included in this Form 10-K (which discussion is incorporated herein by reference), for detailed information related to our Credit Facility entered into on June 17, 2024, which replaced the Prior Credit Facility previously entered into on November 7, 2023. As of July 31, 2024, the amount outstanding under our Credit Facility was \$194.2 million, comprised of \$32.5 million under the Revolving Loan and \$161.7 million under the Term Loan. During fiscal 2024, we had outstanding balances under our credit facilities ranging from \$156.2 million to \$202.0 million. Capitalized terms used but not defined herein have the meanings set forth for such terms in the Credit Facility, which have been documented and filed with the SEC.

Convertible Preferred Stock

See "Notes to Consolidated Financial Statements - Note (16) - Convertible Preferred Stock" included in "Part II - Item 8. Financial Statements and Supplementary Data," included in this Form 10-K (which discussion is incorporated herein by reference), for additional information.

Subordinated Credit Agreement

See "Notes to Consolidated Financial Statements - Note (19) - Subsequent Event" included in "Part II - Item 8. Financial Statements and Supplementary Data," included in this Form 10-K (which discussion is incorporated herein by reference), for additional information on our Subordinated Credit Agreement, which we entered into on October 17, 2024.

74

Liquidity and Going Concern

Pursuant to the requirements of ASC Topic 205-40, "Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern," we are required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern. This evaluation does not take into consideration the potential mitigating effect of our plans that have not been fully implemented or are not within our control as of the date the audited *Consolidated Financial Statements* are issued. When substantial doubt exists, we are required to evaluate whether the mitigating effect of our plans sufficiently alleviates substantial doubt about our ability to continue as a going concern. The mitigating effect of our plans, however, is only considered if both (i) it is probable that the plans will be effectively implemented within one year after the date that the *Consolidated Financial Statements* are issued, and (ii) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about our ability to continue as a going concern within one year after the date that the *Consolidated Financial Statements* are issued.

As of the date these financial statements were issued (the "issuance date"), we evaluated whether the following adverse conditions, when considered in the aggregate, raise substantial doubt about our ability to continue as a going concern over the next twelve months beyond the issuance date.

Over the past three fiscal years, we incurred operating losses of \$79.9 million, \$14.7 million and \$33.8 million in fiscal 2024, 2023 and 2022, respectively. In addition, over the past three fiscal years, net cash used in operating activities was \$54.5 million and \$4.4 million in fiscal 2024 and 2023, respectively, and net cash provided by operating activities was \$2.0 million in fiscal 2022. Our ability to meet future anticipated liquidity needs over the next year beyond the issuance date will largely depend on our ability to generate positive cash inflows from operations, maximize our borrowing capacity under our Credit Facility, as discussed further below, and/or secure other sources of outside capital. While we believe we will be able to generate sufficient positive cash inflows, maximize our borrowing capacity and secure outside capital, there can be no assurance our plans will be successfully implemented and, as such, we may be unable to continue as a going concern over the next year beyond the issuance date.

As discussed further in "Notes to Consolidated Financial Statements - Note (7)(8) - Credit Facility" included in "Part II - Item 8. Financial Statements and Supplementary Data," included in this Form 10-K (which discussion is incorporated herein by reference), on ~~October 31, 2018~~ June 17, 2024, we entered into a First Amended and Restated Credit Agreement \$222.0 million credit facility with a new syndicate of lenders, which replaced our prior credit facility. As further discussed below, we subsequently amended the credit facility on October 17, 2024 (the "Credit Facility") ~~with~~. The Credit Facility consists of a syndicate of lenders. On November 30, 2022 committed \$162.0 million term loan ("Term Loan") and \$60.0 million revolver loan ("Revolver Loan"). At July 31, 2024 and October 25, 2024 (the date closest to the issuance date), ~~we refinanced the amount~~ total outstanding borrowings under the Credit Facility ~~by entering~~ were \$194.2 million and \$199.1 million, respectively. At both July 31, 2024 and October 25, 2024, \$32.5 million was drawn on the Revolver Loan. As of the issuance date, our available sources of liquidity approximate \$28.7 million, consisting solely of qualified cash and cash equivalents. That is, our available sources of liquidity do not include the remaining portion of the committed Revolver Loan due to the lenders' consent right, discussed below, to any borrowings that exceed \$32.5 million.

The Credit Facility, among other things, requires compliance with new restrictive and financial covenants, including: a maximum allowable Net Leverage Ratio of 3.25x for the fiscal quarter ending January 31, 2025; a minimum Fixed Charge Coverage Ratio of 1.20x for the fiscal quarter ending January 31, 2025; a minimum Average Liquidity requirement at each quarter end of \$20.0 million; and a minimum EBITDA of \$35.0 million for the fiscal quarter ending October 31, 2025. Such ratios adjust under the Credit Facility in future periods.

The Credit Facility was amended on October 17, 2024 to waive certain defaults or events of default, including in connection with our Net Leverage Ratio and Fixed Charge Coverage Ratio covenants as of July 31, 2024. The amendment also provides for, among other things: (i) increases the interest rate margins applicable to the loans; (ii) modifies certain financial and collateral reporting requirements; (iii) provides a lender consent right with respect to \$27.5 million of Revolver Loan borrowings above \$32.5 million; (iv) permits the incurrence of \$25.0 million of senior unsecured subordinated debt (as described below); (v) amends the maturity date to the earlier of (x) July 31, 2028 or (y) 90 days prior to the earliest date that the debt under the Subordinated Credit Agreement (as defined below) becomes due and payable; and (vi) suspends financial covenant testing through the end of our fiscal quarter ending January 31, 2025.

In addition, we entered into a Second Amended and Restated Subordinated Credit Agreement (also referred to herein as the "Credit Facility") with the existing ~~lenders~~ Capitalized holders of our Convertible Preferred Stock (the "Subordinated Credit Agreement") on October 17, 2024, which provides a subordinated unsecured term loan facility in the aggregate principal amount of \$25.0 million (the "Subordinated Credit Facility"). The proceeds of the Subordinated Credit Facility: (i) cured our default on certain financial covenants under the Credit Facility, as discussed above; (ii) provides

additional liquidity to us; and (iii) funds our general working capital needs, including support of our strategic transformation initiatives, as discussed below.

Our ability to meet our current obligations as they become due may be impacted by our ability to remain compliant with the financial covenants required by the Credit Facility, or to obtain future waivers or amendments from the lenders in the event compliance is not maintained. While we believe we will be able to secure such waivers or amendments, as needed, there can be no assurance such waivers or amendments will be secured or on terms used but not defined herein have that are acceptable to us. If we are unable to secure waivers or amendments, the meanings set forth for such terms ~~in~~ lenders may declare an event of default, which would cause an immediate acceleration and repayment of all outstanding principal, interest and fees due under our Credit Facility. Absent our ability to repay the forgoing amounts upon the declaration of an event of default, the lenders may exercise their rights and remedies under the Credit Facility, which ~~have been documented~~ may include, among others, a seizure of substantially all of our assets and/or the liquidation of our operations. If an event of default occurs that allows the lenders to exercise these rights and ~~filed~~ remedies over the next year beyond the issuance date, we will be unable to continue as a going concern.

As of the issuance date, our plans to address our ability to continue as a going concern include, among other things:

- executing a strategy to transform Comtech into a pure-play satellite and space communications company (ongoing and future actions supporting our transformation strategy include: an exploration of strategic alternatives for our Terrestrial and Wireless Networks segment, which is well underway; the pursuit of further portfolio-shaping opportunities to enhance profitability, efficiency and focus; and the implementation of additional operational initiatives to both achieve profitable results from operations as well as to align our go-forward cost structure with a pure-play focus on satellite and space communications), as discussed further in Note (18) – “Cost Reduction Activities;”
- pursuing initiatives to reduce investments in working capital, namely accounts receivable and inventory;
- improving process disciplines to attain and maintain profitable operations by entering into more favorable sales or service contracts;
- reevaluating our business plans to identify opportunities (e.g., within our Satellite and Space Communications segment) to focus future investment on our most strategic, high-margin revenue opportunities;
- reevaluating our business plans to identify opportunities to further reduce capital expenditures;
- seeking opportunities to improve liquidity through any combination of debt and/or equity financing (including possibly restructuring our Credit Facility, Convertible Preferred Stock and/or Subordinated Credit Agreement); and
- seeking other strategic transactions and/or measures including, but not limited to, the SEC, potential sale or divestiture of assets.

Currently, While we believe the implementation of some or all of the elements of our plans over the next year beyond the issuance date will be successful, these plans are not all solely within management's control and, as such, we can provide no assurance our plans are probable of being effectively implemented as of the issuance date. Therefore, the adverse conditions and events described above are uncertainties that raise substantial doubt about our ability to continue as a going concern. The accompanying consolidated financial statements have been prepared on the basis that we will continue to operate as a going concern, which contemplates we will be able to realize assets and settle liabilities and commitments in the normal course of business for the foreseeable future. Accordingly, the accompanying consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties.

Our material cash requirements are for working capital, debt service (including interest), capital expenditures, income tax payments, facilities lease payments and dividends related to our Convertible Preferred Stock, which are payable in kind or in cash under certain circumstances.

Our material cash requirements could increase beyond our current expectations due to factors such as: (i) an inability to meet our current obligations under our Credit Facility has as they become, or to obtain future waivers or amendments from the lenders in the event compliance is not maintained; (ii) general economic conditions; (iii) a maturity date change in government spending priorities and or contracting decisions; (iv) larger than usual customer orders; (v) a future redemption by the holders of October 31, 2024 (“Maturity Date”) our Convertible Preferred Stock; or (vi) actions we may take related to our strategic transformation.

Also, in light of our recently announced strategic transformation initiatives, we continue to review and evaluate our capital allocation plans. Furthermore, we may choose to raise additional funds through equity and debt financing transactions to provide additional flexibility or to pursue acquisitions. Although it is difficult in the current economic and credit environment to predict the terms and conditions of financing that may be available in the future, we believe that we would have sufficient access to credit from financial institutions and/or financing from public and private debt and equity markets.

In addition to making capital investments for our high-volume manufacturing centers, we have been making significant capital expenditures and building out cloud-based computer networks to support our previously announced NG-911 contract wins. We expect capital investments for these and other initiatives to continue in fiscal 2025.

Our investment policy relating to our cash and cash equivalents is intended to minimize principal loss while at the same time maximize the income we receive without significantly increasing risk. To minimize risk, we generally invest excess cash and cash equivalents in money market mutual funds (both government and commercial), which is approximately one year out from now. In anticipation certificates of deposit, bank deposits, and U.S. Treasury securities. Money market mutual funds we invest in are direct obligations of the upcoming Maturity Date, U.S. government, bank securities guaranteed by the Federal Deposit Insurance Corporation, certificates of deposit and commercial paper and other securities issued by other companies. While we engaged a third-party financial advisor to assist us with both cannot predict future market conditions or market liquidity, we believe our investment policies are appropriate in the refinancing current environment. Ultimately, the availability of our existing cash and cash equivalents is dependent on a well-functioning liquid market.

On July 13, 2022, we filed a \$200.0 million shelf registration statement with the SEC for the sale of various types of securities, including debt. This new shelf registration statement was declared effective by the SEC as of July 25, 2022 and expires on July 25, 2025.

On September 29, 2020, our Board of Directors authorized a \$100.0 million stock repurchase program, which replaced our prior program. The \$100.0 million stock repurchase program has no time restrictions and repurchases may be made from time to time in open-market or privately negotiated transactions, or by other means in accordance with federal securities laws. There were no repurchases of our common stock during fiscal 2024 and 2023.

In fiscal 2023, we adjusted the Company's capital allocation plans and determined to forgo a common stock dividend. Future common stock dividends, if any, remain subject to compliance with financial covenants under our Credit Facility, as well as with Board approval and certain voting rights of holders of our evaluation of other capital structure-related alternatives. In tandem with these activities, which we believe are nearing closure, we are also in discussions with our existing lenders to amend and extend the Maturity Date of the Credit Facility, if needed to complete these important initiatives. However, we may not be successful in securing an amendment and extension of the Credit Facility or complete such refinancing activities by October 31, 2023, when the debt outstanding under our Credit Facility would become a short-term current liability. Convertible Preferred Stock.

As of July 31, 2023, the amount outstanding under our Credit Facility was \$164.4 million, comprised of \$116.9 million under the Revolving Loan Facility and \$48.1 million under the Term Loan. At July 31, 2023 July 31, 2024, we had \$1.0 million \$247,000 of cash deposited as collateral in connection with outstanding standby letters of credit outstanding under our Credit Facility related to our guarantees of guarantee future performance on certain customer contracts and no outstanding commercial letters of credit. During fiscal 2023, we had outstanding balances under the Credit Facility ranging from \$130.0 million to \$183.3 million.

As of July 31, 2023, our Secured Leverage Ratio was 3.54x trailing twelve months ("TTM") Adjusted EBITDA compared to the maximum allowable Secured Leverage Ratio of 3.75x TTM Adjusted EBITDA. Our Interest Expense Coverage Ratio as of July 31, 2023 was 3.54x TTM Adjusted EBITDA compared to the Minimum Interest Expense Coverage Ratio of 3.25x TTM Adjusted EBITDA. Our Minimum Liquidity was \$28.5 million compared to the Minimum Liquidity requirement of \$25.0 million.

Given our expected future business performance, we anticipate maintaining compliance with the terms and financial covenants in our Credit Facility for the foreseeable future, however there can be no assurance that we will be able to satisfy these covenants.

Convertible Preferred Stock

As discussed further in "Notes to Consolidated Financial Statements - Note (15) - Convertible Preferred Stock" included in "Part II - Item 8. Financial Statements and Supplementary Data," included in this Form 10-K (which discussion is incorporated herein by reference), on October 18, 2021, we entered into a Subscription Agreement (the "Subscription Agreement") with certain affiliates and related funds of White Hat Capital Partners LP and Magnetar Capital LLC (collectively, the "Investors"), relating to the issuance and sale of up to 125,000 shares of a new series of the Company's Series A Convertible Preferred Stock, par value \$0.10 per share (the "Convertible Preferred Stock"), for an aggregate purchase price of up to \$125.0 million, or \$1,000 per share. On October 19, 2021 (the "Initial Closing Date"), pursuant to the terms of the Subscription Agreement, the Investors purchased an aggregate of 100,000 shares of Convertible Preferred Stock (the "Initial Issuance") for an aggregate purchase price of \$100.0 million.

On October 9, 2023, we received a non-binding term sheet from the Investors proposing (i) an exchange of their outstanding Series A Convertible Preferred Stock for a new series of convertible preferred stock on amended terms and (ii) purchase an additional amount of such new series of convertible preferred stock, on terms, conditions and assumptions described therein. No assurances can be given that a transaction will be consummated and the Investors reserve the right to withdraw the proposal at any time.

Commitments

In the normal course of business, other than as discussed below, we routinely enter into binding and non-binding purchase obligations primarily covering anticipated purchases of inventory and equipment. We do not expect that these commitments, as of July 31, 2023 July 31, 2024, will materially adversely affect our liquidity. At July 31, 2023 July 31, 2024, cash payments due under contractual obligations (including estimated interest expense on our Credit Facility), excluding purchase orders that we entered into in our normal course of business, are as follows:

(\$ in thousands)	(\$ in thousands)	Due Within		Total	Due Within 1 Year
		Total	1 Year		
Credit Facility principal payments	Credit Facility principal payments	\$165,025	4,375		
Credit Facility interest payments	Credit Facility interest payments	21,532	15,087		
Operating and financing lease obligations		57,340	9,478		
Operating lease obligations					
Contractual cash obligations	Contractual cash obligations	\$243,897	28,940		
Contractual obligations					
Contractual obligations					

The commitments under our Credit Facility are described in detail above. See "Notes to Consolidated Financial Statements - Note (1)(c) - Liquidity and Going Concern" included in "Part II - Item 8. Financial Statements and Supplementary Data," included in this Form 10-K (which discussion is incorporated herein by reference) for further important information.

See "Notes to Consolidated Financial Statements - Note (8)(9) -Leases" included in "Part II - Item 8. Financial Statements and Supplementary Data," (which discussion is incorporated herein by reference), included in this Form 10-K, for additional information on our lease commitments.

As discussed further in "Notes to Consolidated Financial Statements - Note (15)(16) - Convertible Preferred Stock" included in "Part II - Item 8. Financial Statements and Supplementary Data," (which discussion is incorporated herein by reference), included in this Form 10-K, the holders of the Convertible Preferred Stock have the option to redeem such shares for cash commencing cash: (i) in October 2026, the event of the occurrence of an asset sale trigger; (ii) in the event of a satisfaction of the existing Credit Facility; and (iii) in all other cases, October 31, 2028. As the Convertible Preferred Stock are not mandatorily redeemable for cash, the redemption value of such shares are not presented in the table above.

As discussed further in "Notes to Consolidated Financial Statements - Note (19) - Subsequent Events - Subordinated Credit Agreement" included in "Part II - Item 8. Financial Statements and Supplementary Data," (which discussion is incorporated herein by reference), included in this Form 10-K, there are defined make-whole amounts with respect to certain repayments or prepayment of such subordinated debt equal to: (i) from the October 17, 2024 through (but not including) July 17, 2025, \$25.0 million multiplied by 33.0%; (ii) from July 17, 2025 through (but not including) October 17, 2026, \$25.0 million multiplied by 50.0%; and (iii) from October 17, 2026 and thereafter, \$25.0 million multiplied by 75.0% plus, in the case of clause (iii), interest accrued on \$25.0 million at the make-whole interest rate (as defined below) starting on October 17, 2026 and calculated as of any such date of determination. The make-whole interest rate is a rate equal to 16.0% per annum, which is increased by 2.0% per annum upon the occurrence and during the continuation of an event of default under the Subordinated Credit Agreement.

In the ordinary course of business, we include indemnification provisions in certain of our customer contracts. Pursuant to these agreements, we have agreed to indemnify, hold harmless and reimburse the indemnified party for certain losses suffered or incurred by the indemnified party, including but not limited to losses related to third-party intellectual property claims. It is not possible to determine the maximum potential amount under these agreements due to a history of nominal claims and the unique facts and circumstances involved in each particular agreement.

As discussed further in "Notes to Consolidated Financial Statements - Note (12)(13) - Commitments and Contingencies," included in "Part II - Item 8. - Financial Statements and Supplementary Data," included in this Form 10-K (which discussion is incorporated herein by reference), we are subject to a number of indemnification demands and we are incurring ongoing legal expenses in connection with these matters. Our insurance policies may not cover the cost of defending indemnification claims or providing indemnification. As a result, pending or future claims asserted against us by a party that we have agreed to indemnify could result in legal costs and damages that could have a material adverse effect on our consolidated results of operations and financial condition.

We entered into legacy employment and/or change of control agreements prior to 2022 with certain of our executive officers and certain key employees. All of these agreements may require payments by us, in certain circumstances, including, but not limited to, a change in control of the Company or termination of the employee.

As further discussed in "Notes to Consolidated Financial Statements - Note (9)(10) - "Income Taxes" included in "Part II - Item 8. Financial Statements and Supplementary Data," included in this Form 10-K (which discussion is incorporated herein by reference), our Consolidated Balance Sheet at July 31, 2023 July 31, 2024 includes total liabilities of \$9.2 million \$8.6 million for uncertain tax positions, including interest, any or all of which may result in a cash payment. The future payments related to uncertain tax positions have not been presented in the table above due to the uncertainty of the amounts and timing of any potential cash settlement with the taxing authorities.

Recent Accounting Pronouncements

We are required to prepare our consolidated financial statements in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") which is the source for all authoritative U.S. generally accepted accounting principles, which is commonly referred to as "GAAP." The FASB ASC is subject to updates by the FASB,

which are known as Accounting Standards Updates ("ASUs").

As further discussed in "Notes to Consolidated Financial Statements – Note (1)(m)(n) - Adoption of Accounting Standards and Updates" included in "Part II - Item 8. Financial Statements and Supplementary Data," included in this Form 10-K, (which discussion is incorporated herein by reference), during fiscal 2024 the following FASB ASUs have been issued but and incorporated into the FASB ASC and have not yet been adopted by us as of July 31, 2024:

- FASB ASU No. 2023-07, which requires the disclosure of significant segment expenses, by reportable segment, regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss. The disclosure of other segment items by reportable segment are also required and would constitute the difference between segment revenues less these significant segment expenses and reported segment profit or loss. On an annual basis, the update requires an entity to disclose the CODM's title and position, as well as describe how the CODM uses the reported measures. Additionally, all existing annual disclosures about segment profit or loss must be provided on an interim basis in addition to the disclosure of significant segment expenses and other segment items. This ASU is effective until for fiscal years beginning after July 31, 2023, are December 15, 2023 (our fiscal year beginning on August 1, 2024) and for interim periods within fiscal years beginning after December 15, 2024 (our interim period beginning on August 1, 2025), with early adoption permitted. The adoption of this guidance will impact our disclosures only and we do not expect it to have a material impact on our consolidated financial statements.
- FASB ASU No. 2023-09 enhances and establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. Most notably under the new requirements is greater disaggregation of information in the effective tax rate reconciliation, including the inclusion of both percentages and amounts, specific categories, and additional information for reconciling items meeting a quantitative threshold defined by the guidance. Additionally, disclosures of income taxes paid and income tax expense must be disaggregated by federal, state and foreign taxes, with income taxes paid further disaggregated for individual jurisdictions that represent 5 percent or more of total income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 (our fiscal year beginning on August 1, 2025), with early adoption permitted. We are evaluating the impact of this ASU on our consolidated financial statements or and disclosures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our earnings and cash flows are subject to fluctuations due to changes in interest rates primarily from borrowings under our Credit Facility. Based on the amount of outstanding debt under our Credit Facility, a hypothetical change in interest rates by 10% would change interest expense by approximately \$1.5 million \$2.7 million over a one-year period. Although we do not currently use interest rate derivative instruments to manage exposure to interest rate changes, we may choose to do so in the future in connection with our Credit Facility.

Our earnings and cash flows are also subject to fluctuations due to changes in interest rates on our investment of available cash balances. As of July 31, 2023 July 31, 2024, we had cash and cash equivalents of \$19.0 million \$32.4 million, which consisted of cash and highly-liquid money market deposit accounts. Many of these investments are subject to fluctuations in interest rates, which could impact our results. Based on our investment portfolio balance as of July 31, 2023 July 31, 2024, a hypothetical change in interest rates of 10% would have a nominal impact on interest income over a one-year period. Ultimately, the availability of our cash and cash equivalents is dependent on a well-functioning liquid market.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reports of Independent Registered Public Accounting Firm, Consolidated Financial Statements, Notes to Consolidated Financial Statements and Related Financial Schedule are listed in the Index to Consolidated Financial Statements and Schedule annexed hereto and are hereby incorporated by reference.

79

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

67

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Form 10-K, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was carried out by us (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities and Exchange Act of our management, including our President, Chief Executive Officer and Chairman and Chief Financial Officer. Based on that evaluation, our President, Chief Executive Officer and Chairman and Chief Financial

Officer concluded that our disclosure controls and procedures were effective 1934, as of the end of the period covered by the report amended (the "Exchange Act"), which have been designed to provide reasonable assurance that the information required to be disclosed by us, in reports filed under the Securities Exchange Act, of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Based on this evaluation, carried out by us under the supervision of our Chief Executive Officer and Chief Financial Officer, and with the participation of our management, we concluded that our disclosure controls and procedures were not effective, as of July 31, 2024, as a result of the material weaknesses in our internal control over financial reporting discussed below.

Notwithstanding our material weaknesses, we have concluded that the consolidated financial statements and other financial information included in this Form 10-K fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the U.S. ("U.S. GAAP").

A system of controls, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the system of controls are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Management's Report on Internal Control Over Financial Reporting

Management Our management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Act. Our internal control over financial reporting is a process designed 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, U.S. GAAP. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

80

Management Our management assessed the effectiveness of our internal control over financial reporting as of July 31, 2023 July 31, 2024. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control – Integrated Framework (2013)* (the "COSO framework"). Based on our assessment, we determined that, as of July 31, 2023 July 31, 2024, our internal control over financial reporting was not effective based on those criteria. criteria as a result of material weaknesses described below.

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.

We did not design and maintain an effective control environment commensurate with our financial reporting requirements based on the criteria in the COSO framework, as we lacked a sufficient complement of resources with an appropriate level of knowledge and experience to establish effective process and controls. The control environment material weakness contributed to other material weaknesses within our system of internal control over financial reporting at the control activity level, where we did not design and implement effective control activities, including controls related to revenue, inventory and other assets. Deficiencies in control activities contributed to accounting errors and the potential for there to have been material accounting errors within revenue, inventory and other assets.

Deloitte and Touche LLP, our independent registered public accounting firm, has performed an audit of our internal control over financial reporting as of July 31, 2023 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the COSO. This audit is required to be performed in accordance with the standards of the Public Company Accounting Oversight Board (United States) July 31, 2024. Our independent auditors were given unrestricted access to all financial records and related data. Deloitte's audit reports appear on pages F-2 and F-3 of this annual report.

Changes In Internal Control Over Financial Reporting

There Other than for the material weaknesses described above, there have been no changes in our internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act that occurred during our fiscal quarter ended July 31, 2023 July 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Remediation Plan

68 Our remediation efforts are ongoing and we will continue our initiatives to hire additional skilled resources in program management and accounting and finance related functions, and implement and document policies, procedures, and internal controls. Remediation of the identified material weaknesses and strengthening of our internal control environment will require a substantial effort throughout fiscal 2025 and beyond, as necessary. We will test the ongoing operating effectiveness of the new and existing controls in future periods. The material weaknesses cannot be considered completely remediated until the applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

ITEM 9B. OTHER INFORMATION**Securities Trading Plans of Directors and Officers**

During the three months ended **July 31, 2023** **July 31, 2024**, none of our directors or officers adopted or terminated a Rule 10b5-1 trading plan or adopted or terminated a non-Rule 10b5-1 trading arrangement (as each term is defined in Item 408(a) of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

6981

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Certain information concerning directors and officers is incorporated by reference to our Proxy Statement for the Annual Meeting of Stockholders (the "Proxy Statement") which will be filed with the Securities and Exchange Commission no more than 120 days after the close of our fiscal year.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation is incorporated by reference to the Proxy Statement, which will be filed with the Securities and Exchange Commission no more than 120 days after the close of our fiscal year.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Information regarding securities authorized for issuance under equity compensation plans and certain information regarding security ownership of certain beneficial owners and management is incorporated by reference to the Proxy Statement, which will be filed with the Securities and Exchange Commission no more than 120 days after the close of our fiscal year.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS,
AND DIRECTOR INDEPENDENCE**

Information regarding certain relationships and related transactions is incorporated by reference to the Proxy Statement, which will be filed with the Securities and Exchange Commission no more than 120 days after the close of our fiscal year.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding principal accountant fees and services is incorporated by reference to the Proxy Statement, which will be filed with the Securities and Exchange Commission no more than 120 days after the close of our fiscal year.

7082

PART IV**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

(a) (1) The Registrant's financial statements together with a separate index are annexed hereto.

(2) The Financial Statement Schedule listed in a separate index is annexed hereto.

(3) Exhibits required by Item 601 of Regulation S-K are listed below.

Exhibit Number	Description of Exhibit	Incorporated By Reference to Exhibit
3(a)(i)	Restated Certificate of Incorporation of the Registrant, dated August 18, 2006	Exhibit 3(a)(i) to the Registrant's 2006 Form 10-K
3(a)(ii)	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Comtech Telecommunications Corp., dated December 28, 2021	Exhibit 3.1 to the Registrant's Form 8-K, filed December 30, 2021
3(a)(iii)	Third Amended and Restated By-Laws of the Registrant, dated September 26, 2017	Exhibit 3(a)(ii) to the Registrant's 2017 Form 10-K
3(a)(iv)	Amended and Restated Certificate of Designations of Series A Series B-1 Convertible Preferred Stock, dated November 30, 2022 June 17, 2024	Exhibit 3.1 to the Registrant's Form 8-K filed December 1, 2022 June 18, 2024
3(a)(v)	Certificate of Elimination of Series B-1 Convertible Preferred Stock, dated October 23, 2024	
3(a)(vi)	Certificate of Designations of Series B-2 Convertible Preferred Stock, dated October 17, 2024	Exhibit 3.1 to the Registrant's Form 8-K, filed October 18, 2024
4(a)(vi) (i)	Form of Warrant Agreement	Exhibit 4.1 to the Registrant's Form 8-K, filed October 18, 2024
4(a)(vi) (ii)	Description of Comtech Telecommunication Telecommunications Corp.'s Securities Registered Pursuant to Section 12 of the Exchange Act	Exhibit 4(a)(vi) to the Registrant's 2022 Form 10-K
10(a)(1)*	Seventh Amended and Restated Employment Agreement, dated March 4, 2020, between the Registrant and Fred Kornberg	Exhibit 10.1 to the Registrant's Form 8-K, filed March 4, 2020
10(a)(2)*	Lease Agreement, dated September 23, 2011, between TM Squared and Comtech PST Corp. (with respect to the Melville, New York facility)	Exhibit 10(s) to the Registrant's 2011 Form 10-K
10(a)(3)*	Consulting Agreement, dated January 3, 2022, between Comtech and Fred Kornberg	Exhibit 10.2 to the Registrant's Form 8-K, filed January 5, 2022
10(a)(4)*	Restricted Stock Award Agreement with Fred Kornberg Pursuant to the Comtech Telecommunications Corp. 2000 Stock Incentive Plan	Exhibit 10.1 to the Registrant's Form 10-Q, filed March 10, 2022
10(b)*	Third Amended and Restated 2001 Employee Stock Purchase Plan	Appendix B to the Registrant's Proxy Statement, filed November 18, 2022
10(c) 10(b)*	2000 Stock Incentive Plan, Amended and Restated, dated December 15, 2022	Appendix A to the Registrant's Proxy Statement, filed November 18, 2022
10(d) 10(c)(1)*	Form of Stock Option Agreement pursuant to the 2000 Stock Incentive Plan	Exhibit 10(f)(7) to the Registrant's 2005 Form 10-K
10(d) 10(c)(2)*	Form of Stock Option Agreement for Non-employee Directors pursuant to the 2000 Stock Incentive Plan - 2020	Exhibit 10(d)(3) to the Registrant's Form 2020 Form 10-K
10(e) 10(d)(1)*	Form of Performance Share Agreement pursuant to the 2000 Stock Incentive Plan	Exhibit 10(s) to the Registrant's 2012 Form 10-K
10(e)(2)*	Form of Cash-Settled Performance Unit Agreement pursuant to the 2000 Stock Incentive Plan	Exhibit 10(e)(2) to the Registrant's 2023 Form 10-K
10(f) 10(e)(1)*	Form of Long-Term Performance Share Award Agreement pursuant to the 2000 Stock Incentive Plan - 2018	Exhibit 10(f)(2) to the Registrant's 2019 Form 10-K
10(g)(1) 10(f)(1)*	Form of Restricted Stock Agreement for Employees pursuant to the 2000 Stock Incentive Plan	Exhibit 10(y) to the Registrant's 2016 Form 10-K
10(g)(2)*	Form of Restricted Stock Agreement for Non-employee Directors pursuant to the 2000 Stock Incentive Plan	Exhibit 10(ab) to the Registrant's 2016 Form 10-K
10(g)(3)*	Form of Restricted Stock Agreement (eligible for dividend equivalents) for Non-employee Directors pursuant to the 2000 Stock Incentive Plan - 2019	Exhibit 10(g)(3) to the Registrant's 2019 Form 10-K

<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Incorporated By Reference to Exhibit</u>
10(g)(4) 10(f)(2)*	Form of Restricted Stock Agreement (eligible for dividend equivalents) for Non-employee Directors pursuant to the 2000 Stock Incentive Plan - 2022	Exhibit 10(g)(4) to the Registrant's 2022 Form 10-K
10(h) 10(g)(1)*	Form of Restricted Stock Unit Agreement for Employees pursuant to the 2000 Stock Incentive Plan - 2017	Exhibit 10(h)(1) to the Registrant's 2017 Form 10-K
10(h) 10(g)(2)*	Form of Restricted Stock Unit Agreement for Employees pursuant to the 2000 Stock Incentive Plan - 2016	Exhibit 10(z) to the Registrant's 2016 Form 10-K
10(h)(3)*	Form of Restricted Stock Unit Agreement for Non-employee Directors pursuant to the 2000 Stock Incentive Plan	Exhibit 10.2 to the Registrant's Form 10-Q, filed June 7, 2012
10(h)(4)*	Form of Restricted Stock Unit Agreement (eligible for dividend equivalents) for Non-employee Directors pursuant to the 2000 Stock Incentive Plan	Exhibit 10(aa) to the Registrant's 2016 Form 10-K
10(h)(5) 10(g)(3)*	Form of Restricted Stock Unit Agreement (eligible for dividend equivalents) for Non-employee Directors pursuant to the 2000 Stock Incentive Plan - 2013	Exhibit 10(x) to the Registrant's 2013 Form 10-K
10(h)(6)*	Form of Restricted Stock Unit Agreement (eligible for dividend equivalents) for Non-employee Directors pursuant to the 2000 Stock Incentive Plan - 2020	Exhibit 10.1 to the Registrant's Form 10-Q, filed June 3, 2020

83

<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Incorporated By Reference to Exhibit</u>
10(h)(7) 10(g)(4)*	Form of Restricted Stock Unit Agreement (eligible for dividend equivalents) for Non-employee Directors pursuant to the 2000 Stock Incentive Plan - 2022	Exhibit 10(h)(7) to the Registrant's 2022 Form 10-K
10(h)(8) 10(g)(5)*	Form of Restricted Stock Unit Agreement (eligible for dividend equivalents) for Employees pursuant to the 2000 Stock Incentive Plan - 2022	Exhibit 10(h)(8) to the Registrant's 2022 Form 10-K
10(i)(1) 10(h)(1)*	Form of Stock Unit Agreement for Non-employee Directors pursuant to the 2000 Stock Incentive Plan	Exhibit 10.1 to the Registrant's Form 10-Q, filed June 7, 2012
10(i)(2)*	Form of Stock Unit Agreement (eligible for dividend equivalents) for Non-employee Directors pursuant to the 2000 Stock Incentive Plan	Exhibit 10(v) to the Registrant's 2013 Form 10-K
10(i)(3)*	Form of Other Stock-Based Award Agreement pursuant to the 2000 Stock Incentive Plan	Exhibit 10(i)(3) to the Registrant's 2023 Form 10-K
10(i) 10(i)(1)*	Form of Share Unit Agreement (eligible for dividend equivalents) for Employees pursuant to the 2000 Stock Incentive Plan	Exhibit 10.2 to the Registrant's Form 10-Q, filed December 9, 2013
10(i) 10(i)(2)*	Form of Share Unit Agreement (eligible for dividend equivalents) for Employees pursuant to the 2000 Stock Incentive Plan - 2018	Exhibit 10(i)(2) to the Registrant's 2018 Form 10-K
10(k) 10(j)*	Form of Indemnification Agreement between the Registrant and the Named Executive Officers and Certain Other Executive Officers	Exhibit 10.1 to Registrant's Form 8-K, filed on March 8, 2007
10(l) 10(k)(1)*	Form of Change-in-Control Agreement (Tier 1)	Exhibit 10(l)(1) to the Registrant's 2022 Form 10-K
10(l) 10(k)(2)*	Form of Change-in-Control Agreement (Tier 2) between the Registrant and Certain Named Executive Officers (other than the CEO) and Certain Other Executive Officers	Exhibit 10(l)(2) to the Registrant's 2022 Form 10-K

72

<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Incorporated By</u> <u>Reference to Exhibit</u>
10(l) 10(k)(3)*	Form of Change-in-Control Agreement (Tier 2) between the Registrant and Certain Named Executive Officers (other than the CEO) and Certain Other Executive Officers (California Employees)	Exhibit 10.3 to the Registrant's Form 8-K, filed June 7, 2017
10(l) 10(k)(4)*	Form of Change-in-Control Agreement (Tier 2) between the Registrant and Certain Named Executive Officers (other than the CEO) and Certain Other Executive Officers (Divisional/Subsidiary Presidents)	Exhibit 10.4 to the Registrant's Form 8-K, filed June 7, 2017
10(l) 10(k)(5)*	Form of Change-in-Control Agreement (Tier 2) between the Registrant and Certain Named Executive Officers (other than the CEO) and Certain Other Executive Officers (California Divisional/Subsidiary Presidents)	Exhibit 10.5 to the Registrant's Form 8-K, filed June 7, 2017
10(l) 10(k)(6)*	Form of Change-in-Control Agreement (Tier 3) between the Registrant and Certain Non-Executive Officers	Exhibit 10.6 to the Registrant's Form 8-K, filed June 7, 2017
10(m) 10(l)*	Retirement and Transition Agreement, dated September 30 2019	Exhibit 10.1 to the Registrant's Form 10-Q, filed December 4, 2019
10(n) 10(m)(1)	Credit Agreement, and Plan dated as of Merger, dated November 22, 2015 June 17, 2024, among Comtech Telecommunications Corp., Typhoon Acquisition Corp. and TeleCommunication Systems, Inc. the lenders named therein	Exhibit 2.1 to the Registrant's Form 8-K, filed November 23, 2015
10(o)	Second Amended and Restated Credit Agreement, dated November 30, 2022, among Comtech Telecommunications Corp., the lenders party thereto and Citibank N.A., as administrative agent, issuing bank and swingline lender	Exhibit 10.1 to the Registrant's Form 8-K, filed December 1, 2022 June 18, 2024
10(p)(1) 10(m)(2)	Subscription Waiver and Amendment No. 1 to Credit Agreement, dated October 18, 2021 as of October 17, 2024, by and among Comtech Telecommunications Corp., as borrower, the lenders named therein, TCW Asset Management Company LLC, as term loan agent, and Wingspire Capital LLC, as revolving agent	Exhibit 10.1 to the Registrant's Form 8-K, filed October 18, 2024
10(m)(3)	Subordinated Credit Agreement, dated as of October 17, 2024, by and among Comtech Telecommunications Corp., as borrower, the lenders named therein, and U.S. Bank Trust Company, National Association, as agent	Exhibit 10.2 to the Registrant's Form 8-K, filed October 18, 2024

<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Incorporated By</u> <u>Reference to Exhibit</u>
10(n)(1)	Subscription and Exchange Agreement, dated as of October 17, 2024, by and among Comtech Telecommunications Corp. and the Investors named therein	Exhibit 10.3 to the Registrant's Form 8-K, filed October 18, 2024
10(n)(2)	Registration Rights Agreement, dated October 17, 2024, by and among Comtech Telecommunications Corp. and the Investors named therein	Exhibit 10.1 10.5 to the Registrant's Form 8-K, filed October 22, 2021 October 18, 2024
10(p)(2)	Registration Rights Agreement, dated October 19, 2021, by and among Comtech Telecommunications Corp. and the Investors named therein	Exhibit 99.2 to the Registrant's Form 8-K filed October 22, 2021
10(p) 10(n)(3)	Form of Amended and Restated Voting Agreement	Exhibit 3.1 10.4 to the Registrant's Form 8-K, filed November 12, 2021 October 18, 2024
10(q) 10(o)	Cooperation Agreement dated December 16, 2021, by and among Comtech Telecommunications Corp., Outerbridge Partners, LP, Outerbridge Capital Management, LLC, Outerbridge Partners GP, LLC, Outerbridge Bartleby Fund, LP, Outerbridge Bartleby GP, LLC, and Rory Wallace	Exhibit 10.1 to the Registrant's Form 8-K, filed December 21, 2021
10(r) 10(p)(1)*	Employment Agreement, dated December 31, 2021, between Comtech and Michael Porcelain	Exhibit 10.1 to the Registrant's Form 8-K, filed January 5, 2022
10(r) 10(p)(2)*	Restricted Stock Unit Agreement with Michael Porcelain Pursuant to the Comtech Telecommunications Corp. 2000 Stock Incentive Plan	Exhibit 10.2 to the Registrant's Form 10-Q, filed March 10, 2022
10(r) 10(p)(3)*	Separation Agreement and General Release with Michael Porcelain, dated August 9, 2022	Exhibit 10.1 to the Registrant's Form 8-K, filed August 10, 2022
10(s) 10(q)(1)*	CEO Employment Agreement with Ken Peterman, dated September 12, 2022	Exhibit 10.1 to the Registrant's Form 8-K, filed September 13, 2022
10(s) 10(q)(2)*	Restricted Stock Unit Agreement with Ken Peterman Pursuant to the Comtech Telecommunications Corp. 2000 Stock Incentive Plan	Exhibit 10.2 to the Registrant's Form 8-K, filed September 13, 2022

Exhibit Number	Description of Exhibit	Incorporated By Reference to Exhibit
<u>10(s) 10(g)(3)*</u>	<u>Long-Term Performance Share Award Agreement with Ken Peterman Pursuant to the Comtech Telecommunications Corp. 2000 Stock Incentive Plan</u>	Exhibit 10.3 to the Registrant's Form 8-K, filed September 13, 2022
<u>10(s) 10(g)(4)*</u>	<u>Long-Term Performance Share Award (VWAP) Agreement with Ken Peterman Pursuant to the Comtech Telecommunications Corp. 2000 Stock Incentive Plan</u>	Exhibit 10.4 to the Registrant's Form 8-K, filed September 13, 2022
<u>10(r)</u>	<u>Form of Executive Employment Agreement</u>	Exhibit 10.1 to the Registrant's Form 8-K, filed January 9, 2024
<u>10(s)(1)</u>	<u>Employment Agreement between Comtech Telecommunications Corp. and John Ratigan</u>	Exhibit 10.1 to the Registrant's Form 8-K, filed April 1, 2024
<u>10(s)(2)</u>	<u>Employment Agreement Amendment 1 between Comtech Telecommunications Corp. and John Ratigan</u>	Exhibit 10.2 to the Registrant's Form 8-K, filed April 1, 2024
<u>10(t)</u>	<u>Form of Retention Bonus Agreement</u>	Exhibit 10.1 to the Registrant's Form 8-K, filed May 2, 2024
<u>10(u)</u>	<u>Comtech Telecommunications Corp. 2023 Equity and Incentive Plan</u>	Exhibit 10.4 to the Registrant's Form 10-Q, filed June 18, 2024
<u>10(v)(1)</u>	<u>Form of Restricted Stock Unit Agreement pursuant to the Comtech Telecommunications Corp. 2023 Equity and Incentive Plan</u>	Exhibit 10.5 to the Registrant's Form 10-Q, filed June 18, 2024
<u>10(v)(2)</u>	<u>Form of Long Term Performance Award Agreement pursuant to the Comtech Telecommunications Corp. 2023 Equity and Incentive Plan</u>	Exhibit 10.6 to the Registrant's Form 10-Q, filed June 18, 2024

Exhibit Number	Description of Exhibit	Incorporated By Reference to Exhibit
10(v)(3)	Form of Other Stock Award Agreement pursuant to the 2023 Equity and Incentive Plan	
10(v)(4)	Form of Restricted Stock Unit Agreement to Non-employee Directors pursuant to the Comtech Telecommunications Corp. 2023 Equity and Incentive Plan	
10(v)(5)	Form of Restricted Stock Agreement to Non-employee Directors pursuant to the Comtech Telecommunications Corp. 2023 Equity and Incentive Plan	
19	Insider Trading Policies and Procedures of the Company	
21	Subsidiaries of the Registrant	
23.1	Consent of Independent Registered Public Accounting Firm	
31.1	Certification of CEO and Chairman pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32.1	Certification of CEO and Chairman pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
97	Clawback Policy of the Company	
101.INS	The following financial statements from the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2023 July 31, 2024 , formatted in inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statement of Cash Flows, and (v) Notes to Consolidated Financial Statements	
101.SCH	Inline XBRL Taxonomy Extension Schema Document	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)	

* Management contract or compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

7486

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMTECH TELECOMMUNICATIONS CORP.

October [12, 2023](#) [30, 2024](#)

(Date)

By: [/s/Ken Peterman](#) [John Ratigan](#)

[Ken Peterman](#), Chairman of the Board

[John Ratigan](#), President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	<u>Signature</u>	<u>Title</u>
<u>October 12, 2023</u> <u>30, 2024</u>	<u>/s/Ken Peterman</u> <u>John Ratigan</u> (Date) <u>Ken Peterman</u> (Date) <u>John Ratigan</u>	<u>Chairman of the Board</u> <u>Director, President and Chief Executive Officer</u> <u>(Principal Executive Officer)</u>
<u>October 12, 2023</u> <u>30, 2024</u>	<u>/s/Michael A. Bondi</u> (Date) Michael A. Bondi	Chief Financial Officer (Principal Financial and Accounting Officer)
<u>October 12, 2023</u> <u>30, 2024</u>	<u>/s/Wendi Carpenter</u> (Date) Wendi Carpenter	Director
<u>October 12, 2023</u> <u>30, 2024</u>	<u>/s/Judy Chambers</u> (Date) Judy Chambers	Director
<u>October 12, 2023</u> <u>30, 2024</u>	<u>/s/Bruce T. Crawford</u> (Date) Bruce T. Crawford	Director
<u>October 12, 2023</u>	<u>/s/Lisa Lesavoy</u> (Date) Lisa Lesavoy	Director
<u>October 12, 2023</u>	<u>/s/Ellen M. Lord</u> (Date) Ellen M. Lord	Director
<u>October 12, 2023</u> <u>30, 2024</u>	<u>/s/Mark Quinlan</u> (Date) Mark Quinlan	<u>Director</u> <u>Chairman of the Board</u>
<u>October 12, 2023</u> <u>30, 2024</u>	<u>/s/Dr. Yacov A. Shamash</u> (Date) Dr. Yacov A. Shamash	Director
<u>October 12, 2023</u> <u>30, 2024</u>	<u>/s/Lawrence J. Waldman</u> (Date) Lawrence J. Waldman	Director

7587

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Index to Consolidated Financial Statements and Schedule

	Page
Reports of Independent Registered Public Accounting Firm (PCAOB ID: 34)	F-2
Consolidated Financial Statements:	
Balance Sheets as of July 31, 2023 July 31, 2024 and 2022 2023	F-6
Statements of Operations for each of the years in the three-year period ended July 31, 2023 July 31, 2024	F-7
Statements of Convertible Preferred Stock and Stockholders' Equity for each of the years in the three-year period ended July 31, 2023 July 31, 2024	F-8
Statements of Cash Flows for each of the years in the three-year period ended July 31, 2023 July 31, 2024	F-9
Notes to Consolidated Financial Statements	F-11

Additional Financial Information Pursuant to the Requirements of Form 10-K:

Schedule II – Valuation and Qualifying Accounts and Reserves	S-1
--	---------------------

Schedules not listed above have been omitted because they are either not applicable or the required information has been provided elsewhere in the consolidated financial statements or notes thereto.

F - 1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of
Comtech Telecommunications Corp.
Melville, New York Chandler, Arizona

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Comtech Telecommunications Corp. and subsidiaries (the "Company") as of **July 31, 2023 July 31, 2024 and 2022 2023**, the related consolidated statements of operations, convertible preferred stock and stockholders' equity, and cash flows, for each of the three years in the period ended **July 31, 2023 July 31, 2024**, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the **"financial statements"** **"financial statements"**). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of **July 31, 2023 July 31, 2024 and 2022 2023**, and the results of its operations and its cash flows for each of the three years in the period ended **July 31, 2023 July 31, 2024**, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the **Company's Company's** internal control over financial reporting as of **July 31, 2023 July 31, 2024**, based on criteria established in *Internal Control — Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated **October 12, 2023 October 30, 2024**, expressed an **unqualified adverse** opinion on the **Company's Company's** internal control over financial **reporting** **reporting** because of material weaknesses.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses and negative cash outflows from operations, and may be unable to maintain compliance with financial covenants required by its credit agreement that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the **Company's Company's** management. Our responsibility is to express an opinion on the **Company's Company's** financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

F - 2

Net Sales – Over Time Accounting Using the Cost-to-Cost Measure for Specific Identified Material Contracts — Refer to Note 1 to the financial statements.

Critical Audit Matter Description

The Company's determination of revenue recognition for specific identified material contracts accounted for over time involves estimating the total costs needed to complete the specific identified contracts and updating those estimates throughout the life of those specific identified contracts. This requires management to make significant estimates related to forecasts of future costs for the identified specific contracts. Changes in these estimates for the identified specific contracts could have a significant impact on the Company's results of operations.

Given the significant judgment and estimates used in management's projections, auditing the Company's estimates at completion and estimates to completion involved especially subjective judgment.

F - 2

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's determination of revenue recognition for specific identified material contracts accounted for over time included the following, among others:

- We tested the effectiveness of the controls over the development of the initial contract cost to complete estimate and monitoring of estimates at completion and estimates to completion.
- For each specific identified material contract selected, we performed the following:
 - Evaluated whether the contract was properly included in management's calculation of overtime revenue based on the terms and conditions of each contract, including whether continuous transfer of control to the customer occurred as progress was made toward fulfilling the performance obligation.
 - Compared the transaction prices to the consideration expected to be received based on current rights and obligations under the contracts and any modifications that were agreed upon with the customers.
 - Tested management's identification of distinct performance obligations by evaluating whether the underlying goods, services, or both were highly interdependent and interrelated.
 - Evaluated the estimates of total cost and profit for the performance obligation by:
 - Performing a retrospective review by comparing the estimated margins at contract inception to the actual margins as of year-end in order to assess management's ability to accurately estimate costs.
 - Inquiring and corroborating the estimates to complete and the estimates at completion with the Project Manager (i.e., someone outside of Finance/Accounting) to understand significant variances in costs and completeness of the estimates at completion and estimates to completion.
 - Testing the estimates to complete through a combination of tests of details, in which we selected individual costs within the estimate to complete and obtained supporting documentation, and where we developed an expectation of the estimate to complete and compared it to the recorded balance.
 - Tested the accuracy and completeness of costs incurred during the current fiscal year. This testing included agreeing labor costs to employee timesheets and agreeing the labor rate to either rates agreed upon with the customer in the contract or rates from the Company's payroll records.
 - Tested the mathematical accuracy of management's calculation of revenue for the performance obligation.

Goodwill - Refer to Note 13 14 to the financial statements**Critical Audit Matter Description**

The Company's evaluation of goodwill for impairment involves the comparison of the fair value of each reporting unit to its carrying value. The Company used a combination of a market approach and the income approach, also known as the discounted cash flow ("DCF") method, to determine the present value of cash flows to estimate fair value. In the DCF, the future cash flows for the Company's reporting units were projected based on their estimates, at that time, of future revenues, operating income and other factors (such as working capital and capital expenditures). Changes in these assumptions could have a significant impact on either the fair value, the amount of any goodwill impairment charge, or both. The goodwill balance was \$347.7 million as of July 31, 2023, of which \$174.1 million was allocated to the Terrestrial and Wireless Networks Reporting Unit ("Terrestrial and Wireless Networks") and \$110.1 million was allocated to the Satellite and Space Communications Reporting Unit ("Satellite and Space Communications"). The fair value of Terrestrial and Wireless Networks exceeded its carrying value by 8.9% as of the measurement date and, therefore, no impairment was recognized. The carrying value of the Satellite and Space Communications reporting unit exceeded its fair value by 10.4% primarily due to declines in financial performance. Consequently, the Company recognized an impairment loss for goodwill, net, related to the Satellite and Space Communications reporting unit of \$48,925,000 for the year ended July 31, 2024.

We identified goodwill for Terrestrial and Wireless Networks and Satellite and Space Communications as a critical audit matter because of the significant judgments made by management to estimate the fair value of the reporting unit and the differences between their fair value and carrying value. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to selection of the discount rate and forecasts of future revenue and operating margins.

F - 3

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the discount rate and forecasts of future revenue and operating margins used by management to estimate the fair value of Terrestrial and Wireless Networks and Satellite and Space Communications included the following, among others:

- We tested the effectiveness of controls over management's goodwill impairment evaluation, including those over the determination of the fair value of the reporting units, such as controls related to management's selection of the discount rate and forecasts of future revenue and operating margins.
- We evaluated management's ability to accurately forecast future revenues and operating margins by comparing actual results to management's historical forecasts.
- We evaluated the reasonableness of management's revenue forecasts and forecasts of operating margins by comparing the forecasts to:
 - Historical revenues and operating margins.
 - Internal communications to management and the Board of Directors.
 - Forecasted information included in Company press releases as well as in analyst and industry reports for the Company and certain of its peer companies.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the (1) valuation methodology and (2) discount rate by:
 - Testing the source information underlying the determination of the discount rate and the mathematical accuracy of the calculation.
 - Developing a range of independent estimates and comparing those to the discount rate selected by management.
 - Assessing the concluded fair value of the sum of the aggregate reporting units relative to the business enterprise as a whole based on market prices as of the impairment assessment date.

/s/ DELOITTE & TOUCHE LLP

Jericho, New York
October 12, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of
Comtech Telecommunications Corp.
Melville, New York Chandler, Arizona

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Comtech Telecommunications Corp. and subsidiaries (the "Company") as of **July 31, 2023** **July 31, 2024**, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the effect of the material weaknesses identified below on the achievement of the objectives of the control criteria, the Company has not maintained in all material respects, effective internal control over financial reporting as of **July 31, 2023** **July 31, 2024**, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements and financial statement schedule as of and for the year ended **July 31, 2023** **July 31, 2024**, of the Company and our report dated **October 12, 2023** **October 30, 2024**, expressed an unqualified opinion on those financial statements and financial statement schedule, and included an explanatory paragraph regarding substantial doubt about the Company's ability to continue as a going concern.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Material Weaknesses

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 company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment: The Company did not design and maintain an effective control environment commensurate with their financial reporting requirements based on the criteria in the COSO framework, as the Company lacked a sufficient complement of resources with an appropriate level of knowledge and experience to establish effective process and controls. The control environment material weakness contributed to other material weaknesses within the Company's system of internal control over financial reporting at the control activity level, where the Company did not design and implement effective control activities, including controls related to revenue, inventory and other assets. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements, and financial statement schedule, as of and for the year ended July 31, 2024, of the Company, and this report does not affect our report on such financial statements.

/s/ DELOITTE & TOUCHE LLP

Jericho, New York
October 12, 2023

F - 5

COMTECH TELECOMMUNICATIONS CORP.
AND SUBSIDIARIES
Consolidated Balance Sheets
As of July 31, 2023 and 2022

	Assets	2023	2022
Current assets:			
Cash and cash equivalents		\$ 18,961,000	21,654,000
Accounts receivable, net		163,159,000	123,711,000
Inventories, net		105,845,000	96,317,000
Prepaid expenses and other current assets		17,521,000	21,649,000
Total current assets		305,486,000	263,331,000
Property, plant and equipment, net		53,029,000	50,363,000
Operating lease right-of-use assets, net		44,410,000	49,767,000
Goodwill		347,692,000	347,692,000
Intangibles with finite lives, net		225,907,000	247,303,000
Deferred financing costs, net		2,349,000	1,014,000
Other assets, net		17,364,000	14,827,000
Total assets		\$ 996,237,000	974,297,000
Liabilities, Convertible Preferred Stock and Stockholders' Equity			
Current liabilities:			
Accounts payable		\$ 64,241,000	44,591,000
Accrued expenses and other current liabilities		66,990,000	72,662,000
Current portion of long-term debt		4,375,000	—
Operating lease liabilities, current		8,645,000	8,685,000
Dividends payable		—	2,746,000
Contract liabilities		66,351,000	64,601,000
Interest payable		1,368,000	172,000
Total current liabilities		211,970,000	193,457,000
Non-current portion of long-term debt, net		160,029,000	130,000,000
Operating lease liabilities, non-current		41,763,000	44,423,000
Income taxes payable		2,208,000	3,007,000
Deferred tax liability, net		9,494,000	15,355,000
Long-term contract liabilities		18,419,000	9,975,000
Other liabilities		1,844,000	6,291,000
Total liabilities		445,727,000	402,508,000
Commitments and contingencies (See Note 12)			
Convertible preferred stock, par value \$0.10 per share; authorized 125,000 shares; issued 100,000 at July 31, 2023 and 2022 (includes accrued dividends of \$604,000 and \$566,000, respectively)		112,211,000	105,204,000
Stockholders' equity:			
Preferred stock, par value \$0.10 per share; authorized and unissued 1,875,000 shares		—	—
Common stock, par value \$0.10 per share; authorized 100,000,000 shares; issued 43,096,271 shares and 42,672,827 shares at July 31, 2023 and 2022, respectively		4,310,000	4,267,000
Additional paid-in capital		636,925,000	625,484,000
Retained earnings		238,913,000	278,683,000
		880,148,000	908,434,000

Less:		
Treasury stock, at cost (15,033,317 shares at July 31, 2023 and 2022)	(441,849,000)	(441,849,000)
Total stockholders' equity	438,299,000	466,585,000
Total liabilities, convertible preferred stock and stockholders' equity	\$ 996,237,000	974,297,000

See accompanying notes to consolidated financial statements, 30, 2024

F - 6

COMTECH TELECOMMUNICATIONS CORP.

AND SUBSIDIARIES

Consolidated Balance Sheets

As of July 31, 2024 and 2023

	Assets	2024	2023
Current assets:			
Cash and cash equivalents	\$ 32,433,000	18,961,000	
Accounts receivable, net	195,595,000	163,159,000	
Inventories, net	93,136,000	105,845,000	
Prepaid expenses and other current assets	15,387,000	17,521,000	
Total current assets	336,551,000	305,486,000	
Property, plant and equipment, net	47,328,000	53,029,000	
Operating lease right-of-use assets, net	31,590,000	44,410,000	
Goodwill	284,180,000	347,692,000	
Intangibles with finite lives, net	194,828,000	225,907,000	
Deferred financing costs, net	3,251,000	2,349,000	
Other assets, net	14,706,000	17,364,000	
Total assets	\$ 912,434,000	996,237,000	
Liabilities, Convertible Preferred Stock and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$ 42,477,000	64,241,000	
Accrued expenses and other current liabilities	62,245,000	66,990,000	
Current portion of long-term debt	4,050,000	4,375,000	
Operating lease liabilities, current	7,869,000	8,645,000	
Contract liabilities	65,834,000	66,351,000	
Interest payable	1,072,000	1,368,000	
Total current liabilities	183,547,000	211,970,000	
Non-current portion of long-term debt, net	170,486,000	160,029,000	
Operating lease liabilities, non-current	30,258,000	41,763,000	
Income taxes payable	2,231,000	2,208,000	
Deferred tax liability, net	6,193,000	9,494,000	
Long-term contract liabilities	21,035,000	18,419,000	
Other liabilities	12,355,000	1,844,000	
Total liabilities	426,105,000	445,727,000	
Commitments and contingencies (See Note 13)			
Convertible preferred stock, par value \$0.10 per share; authorized and issued 171,827 shares at July 31, 2024 (includes accrued dividends of \$1,341,000) and authorized 125,000 shares; issued 100,000 at July 31, 2023 (includes accrued dividends of \$604,000)	180,076,000	112,211,000	
Stockholders' equity:			
Preferred stock, par value \$0.10 per share; authorized and unissued 1,828,173 and 1,875,000 shares at July 31, 2024 and 2023, respectively	—	—	
Common stock, par value \$0.10 per share; authorized 100,000,000 shares; issued 43,766,109 shares and 43,096,271 shares at July 31, 2024 and 2023, respectively	4,377,000	4,310,000	
Additional paid-in capital	640,145,000	636,925,000	
Retained earnings	103,580,000	238,913,000	

		748,102,000	880,148,000
Less:			
Treasury stock, at cost (15,033,317 shares at July 31, 2024 and 2023)		(441,849,000)	(441,849,000)
Total stockholders' equity		306,253,000	438,299,000
Total liabilities, convertible preferred stock and stockholders' equity		\$ 912,434,000	996,237,000

See accompanying notes to consolidated financial statements.

F - 7

**COMTECH TELECOMMUNICATIONS CORP.
AND SUBSIDIARIES**

Consolidated Statements of Operations

Fiscal Years Ended July 31, 2023 July 31, 2024, 2022 2023 and 2021 2022

		2023	2022	2021	2024	2023	2022
Net sales	Net sales	\$549,994,000	486,239,000	581,695,000			
Cost of sales	Cost of sales	365,534,000	306,403,000	367,737,000			
Gross profit	Gross profit	184,460,000	179,836,000	213,958,000			
Expenses:	Expenses:						
Expenses:							
Expenses:							
Selling, general and administrative	Selling, general and administrative	120,003,000	114,858,000	111,796,000			
Research and development	Research and development	48,631,000	52,532,000	49,148,000			
Amortization of intangibles	Amortization of intangibles	21,396,000	21,396,000	21,020,000			
Impairment of long-lived assets, including goodwill							
CEO transition costs	CEO transition costs	9,090,000	13,554,000	—			
Loss on business divestiture							
Proxy solicitation costs	Proxy solicitation costs	—	11,248,000	—			
Acquisition plan expenses		—	—	100,292,000			
		199,120,000	213,588,000	282,256,000			
Operating loss	Operating loss	(14,660,000)	(33,752,000)	(68,298,000)			
Operating loss							
Operating loss							
Other expenses (income):							
Other expenses (income):							
Other expenses (income):	Other expenses (income):						

Interest expense	Interest expense	14,961,000	5,031,000	6,821,000
Interest (income) and other	Interest (income) and other	1,226,000	(703,000)	(139,000)
Write-off of deferred financing costs				
Change in fair value of warrants and derivatives				
Change in fair value of convertible preferred stock purchase option liability	Change in fair value of convertible preferred stock purchase option liability	—	(1,005,000)	—
Loss before benefit from income taxes				
Loss before benefit from income taxes				
Loss before benefit from income taxes	Loss before benefit from income taxes	(30,847,000)	(37,075,000)	(74,980,000)
Benefit from income taxes	Benefit from income taxes	(3,948,000)	(4,023,000)	(1,500,000)
Net loss	Net loss	\$ (26,899,000)	(33,052,000)	(73,480,000)
Net loss				
Net loss				
Loss on extinguishment of convertible preferred stock				
Loss on extinguishment of convertible preferred stock				
Loss on extinguishment of convertible preferred stock				
Adjustments to reflect redemption value of convertible preferred stock:	Adjustments to reflect redemption value of convertible preferred stock:			
Adjustments to reflect redemption value of convertible preferred stock:				
Dividend on convertible preferred stock	Dividend on convertible preferred stock			
Dividend on convertible preferred stock				
Dividend on convertible preferred stock	Dividend on convertible preferred stock	(7,007,000)	(5,204,000)	—

Convertible preferred stock issuance costs	Convertible preferred stock issuance costs	—	(4,007,000)	—
Establishment of initial convertible preferred stock purchase option liability	Establishment of initial convertible preferred stock purchase option liability	—	(1,005,000)	—
Net loss attributable to common stockholders	Net loss attributable to common stockholders	\$ (33,906,000)	(43,268,000)	(73,480,000)
Net loss per share:	Net loss per share:			
Net loss per share:	Net loss per share:			
Basic	Basic	\$ (1.21)	(1.63)	(2.86)
Diluted	Diluted	\$ (1.21)	(1.63)	(2.86)
Weighted average number of common shares outstanding – basic	Weighted average number of common shares outstanding – basic	28,002,000	26,506,000	25,685,000
Weighted average number of common shares outstanding – basic	Weighted average number of common shares outstanding – basic			
Weighted average number of common shares outstanding – basic	Weighted average number of common shares outstanding – basic			
Weighted average number of common and common equivalent shares outstanding – diluted	Weighted average number of common and common equivalent shares outstanding – diluted			
Weighted average number of common and common equivalent shares outstanding – diluted	Weighted average number of common and common equivalent shares outstanding – diluted			
Weighted average number of common and common equivalent shares outstanding – diluted	Weighted average number of common and common equivalent shares outstanding – diluted	28,002,000	26,506,000	25,685,000

See accompanying notes to consolidated financial statements.

F - 78

COMTECH TELECOMMUNICATIONS CORP.
AND SUBSIDIARIES
Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity
Fiscal Years Ended **July 31, 2023** **July 31, 2024**, **2022** **2023** and **2021** **2022**

Series A Convertible Preferred										Stockholders' Equity
Stock		Common Stock		Additional		Treasury Stock				Stockholders' Equity
Shares	Amount	Shares	Amount	Paid-in Capital	Retained Earnings	Shares	Amount			
Balance as of July 31, 2020	—	\$ —	39,924,439	\$ 3,992,000	\$ 569,891,000	\$ 417,265,000	15,033,317	\$ (441,849,000)	\$ 549,299,000	
Convertible Preferred Stock										
Convertible Preferred Stock										
Convertible Preferred Stock										
Shares										
Shares										
Shares										
Balance as of July 31, 2021										
Balance as of July 31, 2021										
Balance as of July 31, 2021										
Equity-classified stock award compensation										
Equity-classified stock award compensation										
Equity-classified stock award compensation										
CEO transition costs related to equity-classified stock-based awards										
(See Note 11)										
CEO transition costs related to equity-classified stock-based awards										
(See Note 11)										
CEO transition costs related to equity-classified stock-based awards										
(See Note 11)										
Issuance of employee stock purchase plan shares										
Issuance of employee stock purchase plan shares										
Issuance of employee stock purchase plan shares										
Issuance of restricted stock, net of forfeiture										
Issuance of restricted stock, net of forfeiture										
Issuance of restricted stock, net of forfeiture										
Net settlement of stock-based awards										
Net settlement of stock-based awards										
Net settlement of stock-based awards										
Common stock issued for settlement of UHP Networks Inc. earn-out liability										
Common stock issued for settlement of UHP Networks Inc. earn-out liability										
Common stock issued for settlement of UHP Networks Inc. earn-out liability										

Issuance of convertible preferred stock
Issuance of convertible preferred stock
Issuance of convertible preferred stock
Convertible preferred stock issuance costs
Convertible preferred stock issuance costs
Convertible preferred stock issuance costs
Establishment of initial convertible preferred stock purchase option liability
Establishment of initial convertible preferred stock purchase option liability
Establishment of initial convertible preferred stock purchase option liability
Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends)
Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends)
Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends)
Cash dividends declared (\$0.40 per share)
Cash dividends declared (\$0.40 per share)
Cash dividends declared (\$0.40 per share)
Accrual of dividend equivalents, net of reversal (\$0.40 per share)
Accrual of dividend equivalents, net of reversal (\$0.40 per share)
Accrual of dividend equivalents, net of reversal (\$0.40 per share)
Net loss
Net loss
Net loss
Balance as of July 31, 2022
Balance as of July 31, 2022
Balance as of July 31, 2022
Equity-classified stock award compensation
Equity-classified stock award compensation
Equity-classified stock award compensation

CEO transition costs related to
equity-classified stock-based
awards
(See Note 11)

CEO transition costs related to
equity-classified stock-based
awards
(See Note 11)

CEO transition costs related to
equity-classified stock-based
awards
(See Note 11)

Issuance of employee stock purchase
plan shares

Issuance of employee stock purchase
plan shares

Issuance of employee stock purchase
plan shares

Issuance of restricted stock, net of
forfeiture

Issuance of restricted stock, net of
forfeiture

Issuance of restricted stock, net of
forfeiture

Net settlement of stock-based awards

Net settlement of stock-based awards

Net settlement of stock-based awards

Adjustment to reflect redemption
value of convertible preferred
stock (including accrued
dividends)

Adjustment to reflect redemption
value of convertible preferred
stock (including accrued
dividends)

Adjustment to reflect redemption
value of convertible preferred
stock (including accrued
dividends)

Cash dividends declared (\$0.20 per
share)

Cash dividends declared (\$0.20 per
share)

Cash dividends declared (\$0.20 per
share)

Accrual of dividend equivalents, net of
reversal (\$0.20 per share)

Accrual of dividend equivalents, net of
reversal (\$0.20 per share)

Accrual of dividend equivalents, net of
reversal (\$0.20 per share)

Net loss

Net loss

Net loss

Balance as of July 31, 2023

Balance as of July 31, 2023

Balance as of July 31, 2023

Equity-classified stock award
compensation

Equity-classified stock award
compensation

Equity-classified stock award compensation	Equity-classified stock award compensation	—	—	—	—	9,983,000	—	—	—	9,983,000
Issuance of employee stock purchase plan shares	Issuance of employee stock purchase plan shares	—	—	54,762	5,000	804,000	—	—	—	809,000
Issuance of restricted stock	—	—	35,495	4,000	(4,000)	—	—	—	—	—
Net settlement of stock-based awards	—	—	240,549	24,000	(4,024,000)	—	—	—	—	(4,000,000)
Common stock issued for acquisition of UHP Networks Inc. ("UHP")	—	—	1,026,567	103,000	28,789,000	—	—	—	—	28,892,000
Cash dividends declared (\$0.40 per share)	—	—	—	—	—	(10,189,000)	—	—	—	(10,189,000)
Accrual of dividend equivalents, net of reversal (\$0.40 per share)	—	—	—	—	—	(380,000)	—	—	—	(380,000)
Adoption of current expected credit loss standard	—	—	—	—	—	(215,000)	—	—	—	(215,000)
Net loss	—	—	—	—	—	(73,480,000)	—	—	—	(73,480,000)
Balance as of July 31, 2021	—	—	41,281,812	4,128,000	605,439,000	333,001,000	15,033,317	(441,849,000)	500,719,000	
Equity-classified stock award compensation	—	—	—	—	7,767,000	—	—	—	—	7,767,000
CEO transition costs related to equity-classified stock-based awards (See Note 11)	—	—	—	—	7,388,000	—	—	—	—	7,388,000
Issuance of employee stock purchase plan shares	—	—	—	—	—	—	—	—	—	—
Issuance of employee stock purchase plan shares	—	—	49,138	5,000	725,000	—	—	—	—	730,000
Issuance of restricted stock, net of forfeiture	Issuance of restricted stock, net of forfeiture	—	—	132,854	13,000	(13,000)	—	—	—	—
Net settlement of stock-based awards	—	—	247,721	25,000	(4,640,000)	—	—	—	—	(4,615,000)
Common stock issued for settlement of UHP earn-out liability	—	—	961,302	96,000	8,818,000	—	—	—	—	8,914,000
Issuance of convertible preferred stock	100,000	100,000,000	—	—	—	—	—	—	—	—
Convertible preferred stock issuance costs	—	(4,007,000)	—	—	—	—	—	—	—	—
Establishment of initial convertible preferred stock purchase option liability	—	(1,005,000)	—	—	—	—	—	—	—	—
Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends)	—	10,216,000	—	—	—	(10,216,000)	—	—	—	(10,216,000)
Cash dividends declared (\$0.40 per share)	—	—	—	—	—	(10,661,000)	—	—	—	(10,661,000)
Accrual of dividend equivalents, net of reversal (\$0.40 per share)	—	—	—	—	—	(389,000)	—	—	—	(389,000)
Net loss	—	—	—	—	—	(33,052,000)	—	—	—	(33,052,000)
Balance as of July 31, 2022	100,000	105,204,000	42,672,827	4,267,000	625,484,000	278,683,000	15,033,317	(441,849,000)	466,585,000	
Equity-classified stock award compensation	—	—	—	—	10,257,000	—	—	—	—	10,257,000

CEO transition costs related to equity-classified stock-based awards (See Note 11)	—	—	—	—	3,764,000	—	—	—	3,764,000
Issuance of employee stock purchase plan shares	—	—	54,617	5,000	429,000	—	—	—	434,000
Issuance of restricted stock, net of forfeiture									
Issuance of restricted stock, net of forfeiture	Issuance of restricted stock, net of forfeiture	—	—	93,091	9,000	(9,000)	—	—	—
Net settlement of stock-based awards	Net settlement of stock-based awards	—	—	275,736	29,000	(3,000,000)	—	—	(2,971,000)
Net settlement of stock-based awards									
Net settlement of stock-based awards									
Loss on extinguishment of convertible preferred stock									
Loss on extinguishment of convertible preferred stock									
Loss on extinguishment of convertible preferred stock									
Issuance of convertible preferred stock									
Issuance of convertible preferred stock									
Issuance of convertible preferred stock									
Convertible preferred stock issuance costs									
Convertible preferred stock issuance costs									
Convertible preferred stock issuance costs									
Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends)	Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends)	—	7,007,000	—	—	—	(7,007,000)	—	—
Cash dividends declared (\$0.20 per share)	—	—	—	—	—	(5,549,000)	—	—	(5,549,000)
Accrual of dividend equivalents, net of reversal (\$0.20 per share)	—	—	—	—	—	(315,000)	—	—	(315,000)
Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends)									
Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends)									
Reversal of dividend equivalents									
Reversal of dividend equivalents									
Reversal of dividend equivalents									

Net loss	Net loss	—	—	—	—	(26,899,000)	—	—	—	(26,899,000)
Balance as of July 31, 2023	100,000	\$ 112,211,000	43,096,271	\$ 4,310,000	\$ 636,925,000	\$ 238,913,000	15,033,317	\$ (441,849,000)	\$ 438,299,000	
Net loss										
Net loss										
Balance as of July 31, 2024										
Balance as of July 31, 2024										
Balance as of July 31, 2024										

See accompanying notes to consolidated financial statements.

F - 89

COMTECH TELECOMMUNICATIONS CORP.
AND SUBSIDIARIES

Consolidated Statements of Cash Flows
Fiscal Years Ended **July 31, 2023** **July 31, 2024**, **2022** **2023** and **2021** **2022**

	2023	2022	2021		2024	2023	2022
Cash flows from operating activities:				Cash flows from operating activities:			
Net loss	Net loss	\$ (26,899,000)	(33,052,000)	(73,480,000)			
Adjustments to reconcile net loss to net cash provided by operating activities:							
Depreciation and amortization of property, plant and equipment	Depreciation and amortization of property, plant and equipment	11,922,000	10,314,000	9,379,000			
Depreciation and amortization of property, plant and equipment							
Depreciation and amortization of property, plant and equipment							
Amortization of intangible assets with finite lives	Amortization of intangible assets with finite lives	21,396,000	21,396,000	21,020,000			
Amortization of stock-based compensation	Amortization of stock-based compensation	10,107,000	7,767,000	9,983,000			
Amortization of deferred financing costs							
Amortization of cost to fulfill assets	Amortization of cost to fulfill assets	959,000	469,000	—			
Write-off of deferred financing costs							

CEO transition costs related to equity-classified stock-based awards	CEO transition costs related to equity-classified stock-based awards	3,764,000	7,388,000	—
Amortization of deferred financing costs		1,852,000	811,000	736,000
Change in fair value of warrants and derivatives				
Change in fair value of convertible preferred stock purchase option liability	Change in fair value of convertible preferred stock purchase option liability	—	(1,005,000)	—
Paid-in-kind interest under Term Loan				
Loss on business divestiture				
Changes in other liabilities	Changes in other liabilities	(4,133,000)	(4,132,000)	(6,633,000)
Loss (gain) on disposal of property, plant and equipment	Loss (gain) on disposal of property, plant and equipment	48,000	(310,000)	215,000
Provision for (benefit from) allowance for doubtful accounts		261,000	838,000	(18,000)
Provision for allowance for doubtful accounts				
Provision for excess and obsolete inventory	Provision for excess and obsolete inventory	4,871,000	4,447,000	4,364,000
Deferred income tax benefit	Deferred income tax benefit	(6,060,000)	(5,856,000)	(3,263,000)
Other		—	—	(225,000)
Changes in assets and liabilities, net of effects of business acquisitions:				
Impairment of long-lived assets, including goodwill				

Changes in assets and liabilities, net of effects of divestitures:		Changes in assets and liabilities, net of effects of divestitures:		
Accounts receivable	Accounts receivable	(39,709,000)	33,567,000	(31,223,000)
Inventories	Inventories	(14,885,000)	(20,406,000)	(2,338,000)
Prepaid expenses and other current assets	Prepaid expenses and other current assets	1,656,000	(3,190,000)	(265,000)
Other assets	Other assets	(3,356,000)	(6,656,000)	(4,215,000)
Accounts payable	Accounts payable	20,362,000	6,833,000	11,016,000
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	671,000	(11,081,000)	(7,886,000)
Contract liabilities	Contract liabilities	10,194,000	(1,362,000)	25,444,000
Other liabilities, non-current	Other liabilities, non-current	(324,000)	(3,690,000)	3,583,000
Interest payable	Interest payable	1,197,000	(22,000)	32,000
Income taxes payable	Income taxes payable	1,673,000	(1,071,000)	3,136,000
Net cash (used in) provided by operating activities	Net cash (used in) provided by operating activities	(4,433,000)	1,997,000	(40,638,000)
Cash flows from investing activities:	Cash flows from investing activities:	Cash flows from investing activities:		
Net cash acquired from acquisition of UHP		—	—	1,304,000
Payment for acquisition of CGC, net of cash acquired		—	—	(750,000)
Proceeds from business divestiture, net				
Purchases of property, plant and equipment	Purchases of property, plant and equipment	(18,311,000)	(19,619,000)	(16,037,000)
Net cash used in investing activities		(18,311,000)	(19,619,000)	(15,483,000)
Net cash provided by (used in) investing activities				

Cash flows from financing activities:	Cash flows from financing activities:	Cash flows from financing activities:		
Net borrowings (payments) of long-term debt under Revolving Loan Facility		36,900,000	(71,000,000)	51,500,000
Proceeds from term loan facilities				
Repayment of term loan facilities				
Net (payments) borrowings under revolving loans				
Payment of deferred financing costs				
Proceeds from issuance of convertible preferred stock				
Payment of convertible preferred stock issuance costs				
Cash dividends paid on common stock	Cash dividends paid on common stock	(8,661,000)	(11,048,000)	(10,334,000)
Payment of deferred financing costs		(3,809,000)	(140,000)	(30,000)
Remittance of employees' statutory tax withholding for stock awards	Remittance of employees' statutory tax withholding for stock awards	(2,869,000)	(6,109,000)	(2,803,000)
Repayment of debt under Term Loan		(1,875,000)	—	—
Proceeds from issuance of employee stock purchase plan shares	Proceeds from issuance of employee stock purchase plan shares	470,000	734,000	809,000
Payment of shelf registration costs	Payment of shelf registration costs	(101,000)	—	—
Repayment of principal amounts under finance lease and other obligations	Repayment of principal amounts under finance lease and other obligations	(4,000)	(15,000)	(38,000)
Proceeds from issuance of convertible preferred stock		—	100,000,000	—
Payment of convertible preferred stock issuance costs		—	(4,007,000)	—
Net cash provided by financing activities	Net cash provided by financing activities	20,051,000	8,415,000	39,104,000

(Continued)

Net cash provided by financing activities			
Net cash provided by financing activities			
(Continued)			(Continued)

F - 10

COMTECH TELECOMMUNICATIONS CORP.
AND SUBSIDIARIES
Consolidated Statements of Cash Flows (continued)
Fiscal Years Ended **July 31, 2023** **July 31, 2024**, **2022** **2023** and **2021** **2022**

	2023	2022	2021		2024	2023	2022
Net decrease in cash and cash equivalents	\$ (2,693,000)	(9,207,000)	(17,017,000)				
Net increase (decrease) in cash and cash equivalents							
Cash and cash equivalents at beginning of year	Cash and cash equivalents at beginning of year	21,654,000	30,861,000	47,878,000			
Cash and cash equivalents at end of year	Cash and cash equivalents at end of year	\$ 18,961,000	21,654,000	30,861,000			
<u>Supplemental cash flow disclosure</u>	<u>Supplemental cash flow disclosure</u>						
Cash paid (received) during the year for:							
<u>Supplemental cash flow disclosure</u>							
<u>Supplemental cash flow disclosure</u>							
Cash paid during the year for:							
Cash paid during the year for:							
Cash paid during the year for:							
Interest							
Interest							
Interest	Interest	\$ 11,914,000	4,094,000	5,987,000			
Income taxes, net	Income taxes, net	\$ 361,000	2,913,000	(1,373,000)			
Non-cash investing and financing activities:	Non-cash investing and financing activities:						
Non-cash investing and financing activities:							
Adjustment to reflect redemption value of convertible preferred stock							

Adjustment to reflect redemption value of convertible preferred stock	
Adjustment to reflect redemption value of convertible preferred stock	
Accrued deferred financing costs	
Accrued deferred financing costs	
Accrued deferred financing costs	
Accrued additions to property, plant and equipment	
Accrued additions to property, plant and equipment	
Accrued additions to property, plant and equipment	
Accrued remittance of employees' statutory tax withholdings for fully-vested share units	
Accrued remittance of employees' statutory tax withholdings for fully-vested share units	
Accrued remittance of employees' statutory tax withholdings for fully-vested share units	
Accrued shelf registration costs	
Accrued shelf registration costs	
Accrued shelf registration costs	
Unpaid convertible preferred stock issuance costs	
Unpaid convertible preferred stock issuance costs	
Unpaid convertible preferred stock issuance costs	
Cash dividends declared on common stock but unpaid, including (reversal) accrual of dividend equivalents	
Cash dividends declared on common stock but unpaid, including (reversal) accrual of dividend equivalents	
Cash dividends declared on common stock but unpaid, including (reversal) accrual of dividend equivalents	

Accrued remittance of employees' statutory tax withholdings for fully-vested share units	\$ 1,204,000	1,102,000	2,596,000
Cash dividends declared on common stock but unpaid (including accrual of dividend equivalents)	\$ 315,000	3,135,000	2,981,000
Adjustment to reflect redemption value of convertible preferred stock	\$ 7,007,000	10,216,000	—
Establishment of initial convertible preferred stock purchase option liability	\$ —	1,005,000	—
Accrued additions to property, plant and equipment	\$ 993,000	5,586,000	2,466,000
Issuance of restricted stock	Issuance of restricted stock	\$ 9,000	13,000
			4,000
Issuance of restricted stock			
Issuance of restricted stock			
Common stock issued for acquisitions	Common stock issued for acquisitions	\$ —	9,000,000
			28,892,000
Common stock issued for acquisitions			
Common stock issued for acquisitions			
Fair value of UHP acquisition contingent earn-out consideration	\$ —	—	8,500,000
Accrued deferred financing costs	\$ —	—	139,000
Establishment of initial convertible preferred stock purchase option liability			
Establishment of initial convertible preferred stock purchase option liability			
Establishment of initial convertible preferred stock purchase option liability			

See accompanying notes to consolidated financial statements.

F - **1011**

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting and Reporting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Comtech Telecommunications Corp. and its subsidiaries ("Comtech," "we," "us," or "our"), all of which are wholly-owned. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Nature of Business

We design, produce and market innovative products, systems and services for advanced communications solutions. We conduct our business through two reportable operating segments: Satellite and Space Communications and Terrestrial and Wireless Networks.

Our business is highly competitive and characterized by rapid technological change. Our growth and financial position depends on our ability to keep pace with such changes and developments and to respond to the sophisticated requirements of an increasing variety of secure wireless communications technology users, among other things. Many of our competitors are substantially larger, and have significantly greater financial, marketing and operating resources and broader product lines than our own. A significant technological or sales breakthrough by others, including smaller competitors or new companies, could have a material adverse effect on our business. In addition, certain of our customers have technological capabilities in our product areas and could choose to replace our products with their own.

International sales expose us to certain risks, including barriers to trade, fluctuations in foreign currency exchange rates (which may make our products less price competitive), political and economic instability, availability of suitable export financing, export license requirements, tariff regulations, and other United States ("U.S.") and foreign regulations that may apply to the export of our products, as well as the generally greater difficulties of doing business abroad. We attempt to reduce the risk of doing business in foreign countries by seeking contracts denominated in U.S. dollars, advance or milestone payments, credit insurance and irrevocable letters of credit in our favor.

(c) Liquidity and Going Concern

Pursuant to the requirements of ASC Topic 205-40, *"Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern,"* we are required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern. This evaluation does not take into consideration the potential mitigating effect of our plans that have not been fully implemented or are not within our control as of the date the audited *Consolidated Financial Statements* are issued. When substantial doubt exists, we are required to evaluate whether the mitigating effect of our plans sufficiently alleviates substantial doubt about our ability to continue as a going concern. The mitigating effect of our plans, however, is only considered if both (i) it is probable that the plans will be effectively implemented within one year after the date that the *Consolidated Financial Statements* are issued, and (ii) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about our ability to continue as a going concern within one year after the date that the *Consolidated Financial Statements* are issued.

As of the date these financial statements were issued (the "issuance date"), we evaluated whether the following adverse conditions, when considered in the aggregate, raise substantial doubt about our ability to continue as a going concern over the next twelve months beyond the issuance date.

F - 1112

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Over the past three fiscal years, we incurred operating losses of \$79,890,000, \$14,660,000 and \$33,752,000 in fiscal 2024, 2023 and 2022, respectively. In addition, over the past three fiscal years, net cash used in operating activities was \$54,495,000 and \$4,433,000 in fiscal 2024 and 2023, respectively, and net cash provided by operating activities was \$1,997,000 in fiscal 2022. Our ability to meet future anticipated liquidity needs over the next year beyond the issuance date will largely depend on our ability to generate positive cash inflows from operations, maximize our borrowing capacity under our Credit Facility, as discussed further below, and/or secure other sources of outside capital. While we believe we will be able to generate sufficient positive cash inflows, maximize our borrowing capacity and secure outside capital, there can be no assurance our plans will be successfully implemented and, as such, we may be unable to continue as a going concern over the next year beyond the issuance date.

As discussed further in Note (8) – "Credit Facility," on June 17, 2024, we entered into a \$222,000,000 credit facility with a new syndicate of lenders, which replaced our prior credit facility. As further discussed below, we subsequently amended the credit facility on October 17, 2024 (the "Credit Facility"). The Credit Facility consists of a committed \$162,000,000 term loan ("Term Loan") and \$60,000,000 revolving loan ("Revolver Loan"). At July 31, 2024 and October 25, 2024 (the date closest to the issuance date), total outstanding borrowings under the Credit Facility were \$194,163,000 and \$199,067,000, respectively. At both July 31, 2024 and October 25, 2024, \$32,500,000 was drawn on the Revolver Loan. As of the issuance date, our available sources of liquidity approximate \$28,700,000, consisting solely of qualified cash and cash equivalents. That is, our available sources of liquidity do not include the remaining portion of the committed Revolver Loan due to the lenders' consent right, discussed below, to any borrowings that exceed \$32,500,000.

The Credit Facility, among other things, requires compliance with new restrictive and financial covenants, including: a maximum allowable Net Leverage Ratio of 3.25x for the fiscal quarter ending January 31, 2025; a minimum Fixed Charge Coverage Ratio of 1.20x for the fiscal quarter ending January 31, 2025; a minimum Average Liquidity requirement at each quarter end of \$20,000,000; and a minimum EBITDA of \$35,000,000 for the fiscal quarter ending October 31, 2025. Such ratios adjust under the Credit Facility in future periods.

The Credit Facility was amended on October 17, 2024 to waive certain defaults or events of default, including in connection with our Net Leverage Ratio and Fixed Charge Coverage Ratio covenants as of July 31, 2024. The amendment also provides for, among other things: (i) increases the interest rate margins applicable to the loans; (ii) modifies certain financial and collateral reporting requirements; (iii) provides a lender consent right with respect to \$27,500,000 of Revolver Loan borrowings above \$32,500,000; (iv) permits the incurrence of \$25,000,000 of senior unsecured subordinated debt (as described below); (v) amends the maturity date to the earlier of (x) July 31, 2028 or (y) 90 days prior to the earliest date that the debt under the Subordinated Credit Agreement (as defined below) becomes due and payable; and (vi) suspends financial covenant testing through the end of our fiscal quarter ending January 31, 2025.

In addition, we entered into a Subordinated Credit Agreement with the existing holders of our Convertible Preferred Stock (the "Subordinated Credit Agreement") on October 17, 2024, which provides a subordinated unsecured term loan facility in the aggregate principal amount of \$25,000,000 (the "Subordinated Credit Facility"). The proceeds of the Subordinated Credit Facility: (i) cured our default on certain financial covenants under the Credit Facility, as discussed above; (ii) provides additional liquidity to us; and (iii) funds our general working capital needs, including support of our strategic transformation initiatives, as discussed below.

Our ability to meet our current obligations as they become due may be impacted by our ability to remain compliant with the financial covenants required by the Credit Facility, or to obtain future waivers or amendments from the lenders in the event compliance is not maintained. While we believe we will be able to secure such waivers or amendments, as needed, there can be no assurance such waivers or amendments will be secured or on terms that are acceptable to us. If we are unable to secure waivers or amendments, the lenders may declare an event of default, which would cause an immediate acceleration and repayment of all outstanding principal, interest and fees due under our Credit Facility. Absent our ability to repay the forgoing amounts upon the declaration of an event of default, the lenders may exercise their rights and remedies under the Credit Facility, which may include, among others, a seizure of substantially all of our assets and/or the liquidation of our operations. If an event of default occurs that allows the lenders to exercise these rights and remedies over the next year beyond the issuance date, we will be unable to continue as a going concern.

F - 13

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

As of the issuance date, our plans to address our ability to continue as a going concern include, among other things:

- executing a strategy to transform Comtech into a pure-play satellite and space communications company (ongoing and future actions supporting our transformation strategy include: an exploration of strategic alternatives for our Terrestrial and Wireless Networks segment, which is well underway; the pursuit of further portfolio-shaping opportunities to enhance profitability, efficiency and focus; and the implementation of additional operational initiatives to both achieve profitable results from operations as well as to align our go-forward cost structure with a pure-play focus on satellite and space communications), as discussed further in Note (18) – "Cost Reduction Activities;"
- pursuing initiatives to reduce investments in working capital, namely accounts receivable and inventory;
- improving process disciplines to attain and maintain profitable operations by entering into more favorable sales or service contracts;
- reevaluating our business plans to identify opportunities (e.g., within our Satellite and Space Communications segment) to focus future investment on our most strategic, high-margin revenue opportunities;
- reevaluating our business plans to identify opportunities to further reduce capital expenditures;
- seeking opportunities to improve liquidity through any combination of debt and/or equity financing (including possibly restructuring our Credit Facility, Convertible Preferred Stock and/or Subordinated Credit Agreement); and
- seeking other strategic transactions and/or measures including, but not limited to, the potential sale or divestiture of assets.

While we believe the implementation of some or all of the elements of our plans over the next year beyond the issuance date will be successful, these plans are not all solely within management's control and, as such, we can provide no assurance our plans are probable of being effectively implemented as of the issuance date. Therefore, the adverse conditions and events described above are uncertainties that raise substantial doubt about our ability to continue as a going concern. The accompanying consolidated financial statements have been prepared on the basis that we will continue to operate as a going concern, which contemplates we will be able to realize assets and settle liabilities and commitments in the normal course of business for the foreseeable future. Accordingly, the accompanying consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties.

F - 14

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(c) (d) Revenue Recognition

In accordance with FASB ASC 606 - Revenue from Contracts with Customers ("ASC 606"), we record revenue in an amount that reflects the consideration to which we expect to be entitled in exchange for goods or services promised to customers. Under ASC 606, we follow a five-step model to: (1) identify the contract with our customer;

(2) identify our performance obligations in our contract; (3) determine the transaction price for our contract; (4) allocate the transaction price to our performance obligations; and (5) recognize revenue using one of the following two methods:

- Over time - We recognize revenue using the over time method when there is a continuous transfer of control to the customer over the contractual period of performance. This generally occurs when we enter into a long-term contract relating to the design, development or manufacture of complex equipment or technology platforms to a buyer's specification (or to provide services related to the performance of such contracts), for which we have determined there is no alternative use, as defined in ASC 606. Continuous transfer of control is typically supported by contract clauses which allow our customers to unilaterally terminate a contract for convenience, pay for costs incurred plus a reasonable profit and take control of work-in-process. Revenue recognized over time is generally based on the extent of progress toward completion of the related performance obligations. The selection of the method to measure progress requires judgment and is based on the nature of the products or services provided. In certain instances, typically for firm fixed-price contracts, we use the cost-to-cost measure because it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure, the extent of progress toward completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion, including warranty costs. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred. Costs to fulfill generally include direct labor, materials, subcontractor costs, other direct costs and an allocation of indirect costs. When these contracts are modified, the additional goods or services are generally not distinct from those already provided. As a result, these modifications form part of an existing contract and we must update the transaction price and our measure of progress for the single performance obligation and recognize a cumulative catch-up to revenue and gross profits.

For over time contracts using a cost-to-cost measure of progress, we have an estimate at completion ("EAC") process in which management reviews the progress and execution of our performance obligations. This EAC process requires management judgment relative to assessing risks, estimating contract revenue and costs, and making assumptions for schedule and technical issues. Since certain contracts extend over a long period of time, the impact of revisions in revenue and/or cost estimates during the progress of work may impact current period earnings through a cumulative adjustment. Additionally, if the EAC process indicates a loss, a provision is made for the total anticipated loss in the period that it becomes evident. Contract revenue and cost estimates for significant contracts are generally reviewed and reassessed at least quarterly.

The cost-to-cost method is principally used to account for contracts in our Satellite and Space Communications segment and, to a lesser extent, certain location-based and messaging infrastructure contracts in our public safety and location technologies product line within our Terrestrial and Wireless Networks segment. For service-based contracts in our Terrestrial and Wireless Networks segment, we also recognize revenue over time. These services are typically recognized as a series of services performed over the contract term using the straight-line method, or based on our customers' actual usage of the networks and platforms which we provide.

- Point in time - When a performance obligation is not satisfied over time, we must record revenue using the point in time accounting method which generally results in revenue being recognized upon shipment or delivery of a promised good or service to a customer. This generally occurs when we enter into short term contracts or purchase orders where items are provided to customers with relatively quick turn-around times. Modifications to such contracts and/or purchase orders, which typically provide for additional quantities or services, are accounted for as a new contract because the pricing for these additional quantities or services are based on standalone selling prices.

F - 1215

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Point in time accounting is principally applied to contracts in our Satellite and Space Communications segment, which satellite ground station technologies product line (which includes satellite modems, solid-state modem and traveling wave tube amplifiers and to certain contracts for our solid-state, high-power RF amplifiers). The contracts related to these products product lines do not meet the requirements for over time revenue recognition because our customers cannot utilize the equipment for its intended purpose during any phase of our manufacturing process; customers do not simultaneously receive and/or consume the benefits provided by our performance; customers do not control the asset (i.e., prior to delivery, customers cannot direct the use of the asset, sell or exchange the equipment, etc.); and, although many of our contracts have termination for convenience clauses and/or an enforceable right to payment for performance completed to date, our performance creates an asset with an alternative use through the point of delivery.

In determining that our equipment has alternative use, we considered the underlying manufacturing process for our products. In the early phases of manufacturing, raw materials and work in process (including subassemblies) consist of common parts that are highly fungible among many different types of products and customer applications. Finished products are either configured to our standard configuration or based on our customers' specifications. Finished products, whether built to our standard specification or to a customers' specification, can be sold to a variety of customers and across many different end use applications with minimal rework, if needed, and without incurring a significant economic loss.

When identifying a contract with our customer, we consider when it has approval and commitment from both parties, if the rights of the parties are identified, if the payment terms are identified, if it has commercial substance and if collectability is probable.

When identifying performance obligations, we consider whether there are multiple promises and how to account for them. In our contracts, multiple promises are separated if they are distinct, both individually and in the context of the contract. If multiple promises in a contract are highly interrelated or comprise a series of distinct services performed over time, they are combined into a single performance obligation. In some cases, we may also provide the customer with an additional service-type warranty.

which we recognize as a separate performance obligation. Service-type warranties do not represent a significant portion of our consolidated net sales. When service-type warranties represent a separate performance obligation, the revenue is deferred and recognized ratably over the extended warranty period. Our contracts, from time-to-time, may also include options for additional goods and services. To date, these options have not represented material rights to the customer as the pricing for them reflects standalone selling prices. As a result, we do not consider options we offer to be performance obligations for which we must allocate a portion of the transaction price. In many cases, we provide assurance-type warranty coverage for some of our products for a period of at least one year from the date of delivery.

When identifying the transaction price, we typically utilize the contract's stated price as a starting point. The transaction price in certain arrangements may include estimated amounts of variable consideration, including award fees, incentive fees or other provisions that can either increase or decrease the transaction price. We estimate variable consideration as the amount to which we expect to be entitled, and we include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the estimation uncertainty is resolved. The estimation of this variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (e.g., historical, current and forecasted) that is reasonably available to us.

When allocating the contract's transaction price, we consider each distinct performance obligation. For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract. We determine standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, we estimate the standalone selling price taking into account available information such as market conditions, including geographic or regional specific factors, competitive positioning, internal costs, profit objectives and internally approved pricing guidelines related to the performance obligations.

F - 13 16

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Most of our contracts with customers are denominated in U.S. dollars and typically are either firm fixed-price or cost reimbursable type contracts (including fixed-fee, incentive-fee and time-and-material type contracts). In almost all of our contracts with customers, we are the principal in the arrangement and report revenue on a gross basis. Transaction prices for contracts with U.S. domestic and international customers are usually based on specific negotiations with each customer and in the case of the U.S. government, sometimes based on estimated or actual costs of providing the goods or services in accordance with applicable regulations. Sales by geography and customer type, as a percentage of consolidated net sales, are as follows:



Sales to U.S. government customers include sales to the U.S. Department of Defense ("DoD"), intelligence and civilian agencies, as well as sales directly to or through prime contractors. Domestic sales include sales to commercial customers, as well as to U.S. state and local governments. Included for fiscal 2024, except for the U.S. government, there were no customers that represented more than 10% of consolidated net sales. For fiscal 2023 and 2022, included in domestic sales are sales to Verizon Communications Inc. ("Verizon"), which were 10.6%, 11.1% and 10.7% of consolidated net sales, for fiscal 2023, 2022 and 2021, respectively. International sales for fiscal 2024, 2023 2022 and 2021 2022 (which include sales to U.S. domestic companies for inclusion in products that are sold to international customers) were \$115,924,000, \$132,117,000 \$121,392,000 and \$138,943,000, \$121,392,000, respectively. Except for the U.S., no individual country (including sales to U.S. domestic companies for inclusion in products that are sold to a foreign country) represented more than 10.0% of consolidated net sales for fiscal 2024, 2023 2022 and 2021 2022.

The following tables summarize our disaggregation of revenue consistent with information reviewed by our Chief Operating Decision Maker ("CODM") for the fiscal years ended July 31, 2023 July 31, 2024, 2022 2023 and 2021, 2022. We believe these categories best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors which impact our business. See Note (11)(12) - "Segment Information" for more information related to our segments.

Fiscal Year Ended July 31, 2023

		Satellite and Space Communications	Terrestrial and Wireless Networks	Total	Fiscal Year Ended July 31, 2024
		Satellite and Space Communications	Satellite and Space Communications	Terrestrial and Wireless Networks	Total
<u>Geographical region and customer type</u>	<u>Geographical region and customer type</u>				
U.S. government	U.S. government				
U.S. government	U.S. government	168,411,000	3,567,000	\$171,978,000	
Domestic	Domestic	56,568,000	189,331,000	245,899,000	
Total United States	Total United States	224,979,000	192,898,000	417,877,000	
International	International	112,777,000	19,340,000	132,117,000	
International	International				
Total	Total	\$ 337,756,000	212,238,000	\$549,994,000	
<u>Contract type</u>	<u>Contract type</u>				
Firm fixed-price	Firm fixed-price				
Firm fixed-price	Firm fixed-price	288,482,000	212,238,000	\$500,720,000	
Cost reimbursable	Cost reimbursable	49,274,000	—	49,274,000	
Total	Total	\$ 337,756,000	212,238,000	\$549,994,000	
<u>Transfer of control</u>	<u>Transfer of control</u>				
Point in time	Point in time	\$ 197,808,000	2,968,000	\$200,776,000	
Point in time	Point in time				
Over time	Over time	139,948,000	209,270,000	349,218,000	
Total	Total	\$ 337,756,000	212,238,000	\$549,994,000	

F - 1417

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

		Fiscal Year Ended July 31, 2022			Fiscal Year Ended July 31, 2023
		Satellite and Space Communications	Terrestrial and Wireless Networks	Total	Fiscal Year Ended July 31, 2023

		Satellite and Space Communications		Satellite and Space Communications		Terrestrial and Wireless Networks		Total
<u>Geographical region and customer type</u>								
U.S. government								
U.S. government								
U.S. government	U.S. government	\$	127,536,000	5,061,000	\$132,597,000			
Domestic	Domestic		50,274,000	181,976,000	232,250,000			
Total United States	Total United States		177,810,000	187,037,000	364,847,000			
International	International		101,868,000	19,524,000	121,392,000			
International								
International								
Total	Total	\$	279,678,000	206,561,000	\$486,239,000			
<u>Contract type</u>		<u>Contract type</u>						
Firm fixed-price								
Firm fixed-price								
Firm fixed-price	Firm fixed-price	\$	249,497,000	206,561,000	\$456,058,000			
Cost reimbursable	Cost reimbursable		30,181,000	—	30,181,000			
Total	Total	\$	279,678,000	206,561,000	\$486,239,000			
<u>Transfer of control</u>		<u>Transfer of control</u>						
Point in time	Point in time	\$	186,052,000	2,633,000	\$188,685,000			
Point in time	Point in time							
Point in time	Point in time							
Over time	Over time		93,626,000	203,928,000	297,554,000			
Total	Total	\$	279,678,000	206,561,000	\$486,239,000			
Fiscal Year Ended July 31, 2021								
				Terrestrial and Wireless Networks				
		Satellite and Space Communications		Terrestrial and Wireless Networks				
Fiscal Year Ended July 31, 2022								
		Satellite and Space Communications		Satellite and Space Communications		Terrestrial and Wireless Networks		
<u>Geographical region and customer type</u>								Total
U.S. government								
U.S. government								
U.S. government	U.S. government	\$	198,157,000	2,924,000	\$201,081,000			
Domestic	Domestic		57,246,000	184,425,000	241,671,000			
Total United States	Total United States		255,403,000	187,349,000	442,752,000			
International	International		119,447,000	19,496,000	138,943,000			

International				
International				
Total	Total	\$ 374,850,000	206,845,000	\$581,695,000
<u>Contract type</u>	<u>Contract type</u>			
Firm fixed-price				
Firm fixed-price				
Firm fixed-price	Firm fixed-price	\$ 292,043,000	206,845,000	\$498,888,000
Cost reimbursable	Cost reimbursable	82,807,000	—	82,807,000
Total	Total	\$ 374,850,000	206,845,000	\$581,695,000
<u>Transfer of control</u>	<u>Transfer of control</u>			
Point in time	Point in time	\$ 234,690,000	1,704,000	\$236,394,000
Point in time				
Point in time				
Over time	Over time	140,160,000	205,141,000	345,301,000
Total	Total	\$ 374,850,000	206,845,000	\$581,695,000

F - 15 18

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

The timing of revenue recognition, billings and collections results in receivables, unbilled receivables and contract liabilities on our Consolidated Balance Sheet. Under typical payment terms for our contracts accounted for over time, amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly) or upon achievement of contractual milestones. For certain contracts with provisions that are intended to protect customers in the event we do not satisfy our performance obligations, billings occur subsequent to revenue recognition, resulting in unbilled receivables. Under ASC 606, unbilled receivables constitute contract assets. There were no material impairment losses recognized on contract assets during the fiscal years ended July 31, 2023 July 31, 2024, 2022 2023 and 2021, 2022. On large long-term contracts, and for contracts with international customers that do not do business with us regularly, payment terms typically require advanced payments and deposits. Under ASC 606, payments received from customers in excess of revenue recognized to-date results in a contract liability. These contract liabilities are not considered to represent a significant financing component of the contract because we believe these cash advances and deposits are generally used to meet working capital demands which can be higher in the earlier stages of a contract. Also, advanced payments and deposits provide us with some measure of assurance that the customer will perform on its obligations under the contract. Under the typical payment terms for our contracts accounted for at a point in time, costs are accumulated in inventory until the time of billing, which generally coincides with revenue recognition. Of the current contract liability balance of \$66,351,000 at July 31, 2023 and \$64,601,000 at July 31, 2022, \$48,902,000 and \$66,130,000 at July 31, 2021, \$53,079,000 and \$51,762,000 was recognized as revenue during fiscal years 2023 2024 and 2022 2023, respectively.

We recognize the incremental costs to obtain or fulfill a contract as an expense when incurred if the amortization period of the asset is one year or less; otherwise, such costs are capitalized and amortized over the estimated life of the contract. During fiscal years year 2024, incremental costs to obtain or fulfill contracts with an amortization period greater than one year were \$2,863,000. During fiscal year 2023, and 2022, incremental costs to obtain or fulfill contracts with an amortization period greater than one year were not material.

As commissions payable to our internal sales and marketing employees or contractors that are contingent upon multiple factors, such commissions incremental to the acquisition of long-term customer contracts are capitalized and amortized consistent with the pattern of revenue recognition through cost of sales on our Consolidated Statements of Operations. Commissions payable that are not considered direct costs incremental to obtain or fulfill a contract with a customer and the acquisition of long-term contracts are expensed as incurred in selling, general and administrative expenses on our Consolidated Statements of Operations. As for commissions payable to our third-party sales representatives related to large long-term contracts, we do consider these types of commissions both direct and incremental costs to obtain and fulfill such contracts. Therefore, such commissions are included in total estimated costs at completion for such contracts and expensed over time through cost of sales on our Consolidated Statements of Operations.

Remaining performance obligations represent the transaction price of firm orders for which work has not been performed as of the end of a fiscal period. Remaining performance obligations, which we refer to as backlog, exclude unexercised contract options and potential orders under indefinite delivery / indefinite quantity ("IDIQ") contracts. As of July 31, 2023 July 31, 2024, the aggregate amount of the transaction price allocated to remaining performance obligations was \$662,215,000 \$798,915,000 (which represents the amount of our consolidated funded backlog). We estimate that a substantial portion of our remaining performance obligations at July 31, 2023 July 31, 2024 will be completed and recognized as revenue during the next twenty-four month period, with the rest thereafter. During fiscal 2023, 2024, revenue recognized from performance obligations satisfied, or partially satisfied, in previous periods (for example due to changes in the transaction price) was not material.

(d)(e) Cash and Cash Equivalents

Our cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and have insignificant risk of change in value as a result of changes in interest rates. Our cash and cash equivalents, as of **July 31, 2023** **July 31, 2024** and **2022**, amounted to **\$18,961,000** **\$32,433,000** and **\$21,654,000**, **\$18,961,000**, respectively, and primarily consist of bank deposits and money market deposit accounts insured by the Federal Deposit Insurance Corporation. Cash equivalents are carried at cost, which approximates fair value.

At July 31, 2024, cash and cash equivalents includes \$247,000 of cash deposited as collateral in connection with outstanding standby letters of credit to guarantee future performance on certain customer contracts.

F - 19

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(e)(f) Inventories

Our inventories are stated at the lower of cost and net realizable value, the latter of which is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Our inventories are reduced to their estimated net realizable value by a charge to cost of sales in the period such excess costs are determined. Our inventories are principally recorded using either average or standard costing methods.

F - 16

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Work-in-process (including our contracts-in-progress) and finished goods inventory reflect all accumulated production costs, which are comprised of direct production costs and overhead, and is reduced by amounts recorded in cost of sales as the related revenue is recognized. Indirect costs relating to long-term contracts, which include expenses such as general and administrative, are charged to expense as incurred and are not included in our cost of sales or work-in-process (including our contracts-in-progress) and finished goods inventory.

(f)(g) Long-Lived Assets

Our machinery and equipment, which are recorded at cost, are depreciated or amortized over their estimated useful lives (three to eight years) under the straight-line method. Capitalized internal use software costs are amortized once the software is placed in service under the straight-line method over the estimated useful life of the software, which is generally three years. Capitalized values of properties and leasehold improvements under leases are amortized over the life of the lease or the estimated life of the asset, whichever is less.

Goodwill represents the excess cost of a business acquisition over the fair value of the net assets acquired. In accordance with FASB ASC 350 "Intangibles - Goodwill and Other" goodwill is not amortized. We periodically, at least on an annual basis in the first quarter of each fiscal year, review goodwill, considering factors such as projected cash flows and revenue and earnings multiples, to determine whether the carrying value of the goodwill is impaired. If we fail the quantitative assessment of goodwill impairment ("quantitative assessment"), we would be required to recognize an impairment loss equal to the amount that a reporting unit's carrying value exceeded its fair value; however, any loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. We define our reporting units to be the same as our operating segments.

We performed our annual goodwill impairment assessment for fiscal 2024 on August 1, 2023 (the test as of the first day of our fiscal 2024 year (August 1). See Note (13) - "Goodwill" for more information. Unless there are future indicators due to triggering events that the fair value of a reporting unit is more likely than not less than its carrying value, such as a significant adverse change in our future financial performance, our next impairment assessment for goodwill will be performed and completed in the first quarter of fiscal 2025. Any year 2024, we performed a quantitative impairment charges that we may record in test for each of our reporting units as of July 31, 2024. See Note (14) - "Long-lived Assets, including Goodwill" for additional information. The quantitative impairment test as of July 31, 2024 satisfies the future could be material Company's annual goodwill impairment testing requirement as of August 1, 2024 due to our results the proximity of operations and financial condition, the testing dates.

We assess the recoverability of the carrying value of our other long-lived assets, including identifiable intangible assets with finite useful lives, whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. We evaluate the recoverability of such assets based upon the expectations of undiscounted cash flows from such assets. If the sum of the expected future undiscounted cash flows were less than the carrying amount of the asset, a loss would be recognized for the difference between the fair value and the carrying amount. Due to a triggering event relating to our subsidiary operations in Basingstoke, United Kingdom,

we assessed the recoverability of the carrying value of our other long-lived assets related to these operations. See Note (14) - "Long-lived Assets, including Goodwill" for additional information.

(g)(h) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

F - 20

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

We determine the measure and account for uncertain tax positions taken or expected to be taken in income tax returns in accordance with the provisions of FASB ASC 740-10-25 "Income Taxes," which prescribes a two-step evaluation process for tax positions. The first step is recognition based on a determination of whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step is to measure a tax position that meets the more-likely-than-not threshold. The tax position is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. Our policy is to recognize potential interest and penalties related to uncertain tax positions in income tax expense.

F - 17

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(h)(i) Earnings Per Share

Our basic earnings per share ("EPS") is computed based on the weighted average number of common shares (including vested but unissued stock units, share units, performance shares and restricted stock units ("RSUs")) outstanding during each respective period. Our diluted EPS reflects the dilution from potential common stock issuable pursuant to the exercise of equity-classified stock-based awards, warrants issued to our lenders in connection with entering the Credit Facility, settlement of escrow arrangements related to our acquisition of UHP Networks Inc. ("UHP") and the assumed conversion of Convertible Preferred Stock, if dilutive, outstanding during each respective period. The warrants contingently issuable to our preferred shareholders upon a repurchase of the Series B-1 Convertible Preferred Stock are not reflected in diluted EPS. Pursuant to FASB ASC 260 "Earnings Per Share," shares whose issuance is contingent upon the satisfaction of certain conditions are included in diluted EPS based on the number of shares, if any, that would be issuable if the end of the reporting period were the end of the contingency period. When calculating our diluted earnings per share, we consider the amount an employee must pay upon assumed exercise of stock-based awards and the amount of stock-based compensation cost attributed to future services and not yet recognized.

There were no repurchases of our common stock during the fiscal years ended July 31, 2023 July 31, 2024, 2022 2023 and 2021, 2022. See Note (16)(17) - "Stockholders' Equity" for more information.

Weighted average stock options, RSUs and restricted stock outstanding of 1,050,000, 972,000 1,656,000 and 1,440,000 1,656,000 shares for fiscal 2024, 2023 2022 and 2021, 2022, respectively, were not included in our diluted EPS calculation because their effect would have been anti-dilutive.

Our EPS calculations exclude 534,000, 385,000 293,000 and 232,000 293,000 weighted average performance shares outstanding for fiscal 2024, 2023 2022 and 2021, 2022, respectively, as the performance conditions have not yet been satisfied. However, the numerator for EPS calculations for each respective period is reduced by the compensation expense related to these awards.

Weighted average common shares of 174,000 related to warrants issued in connection with entering the Credit Facility on June 17, 2024 were not included in our diluted EPS calculation for fiscal 2024 because their effect would have been anti-dilutive.

Weighted average common shares of 98,000, 260,000 591,000 and 82,000 591,000 related to our acquisition of UHP in March 2021 were not included in our diluted EPS calculation for fiscal 2024, 2023 2022 and 2021, 2022, respectively, because their effect would have been anti-dilutive. As of July 31, 2024, all of the shares held in escrow related to the UHP acquisition were settled.

Weighted average common shares of **13,581,000**, 4,570,000 and 3,342,000 underlying the assumed conversion of Convertible Preferred Stock, on an if-converted basis, were not included in our diluted EPS calculation for fiscal **2024**, 2023 and 2022, respectively, because their effect would have been anti-dilutive. As a result, the numerator for our basic and diluted EPS calculation for fiscal **2024**, 2023 and 2022 is the respective net loss attributable to common stockholders.

F - **1821**

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

The following table reconciles the numerators and denominators used in the basic and diluted EPS calculations:

		Fiscal Years Ended July 31,			Fiscal Years Ended July 31,		
		2023 2022 2021			2024 2023 2022		
		2024			2024		
Numerator:	Numerator:				Numerator:		
Net loss	Net loss	\$ (26,899,000)	(33,052,000)	(73,480,000)			
Loss on extinguishment of convertible preferred stock							
Convertible preferred stock issuance costs	Convertible preferred stock issuance costs	—	(4,007,000)	—			
Establishment of initial convertible preferred stock purchase option liability	Establishment of initial convertible preferred stock purchase option liability	—	(1,005,000)	—			
Dividend on convertible preferred stock	Dividend on convertible preferred stock	(7,007,000)	(5,204,000)	—			
Net loss attributable to common stockholders	Net loss attributable to common stockholders	\$ (33,906,000)	(43,268,000)	(73,480,000)			
Denominator:	Denominator:						
Denominator for basic and diluted calculation	Denominator for basic and diluted calculation	28,002,000	26,506,000	25,685,000			

As discussed further in Note **(15) (16)** - "Convertible Preferred Stock," the Convertible Preferred Stock issued in October 2021 represents such shares of preferred stock represent a "participating security" as defined in ASC 260. As a result, our EPS calculations for fiscal **2024**, 2023 and 2022 were based on the two-class method. Given the net loss attributable to common stockholders for fiscal **2024**, 2023 and 2022, there was no impact of applying the two-class method to our reported basic or diluted earnings per common share.

(i) (j) Fair Value Measurements and Financial Instruments

Using the fair value hierarchy described in FASB ASC 820 "Fair Value Measurements and Disclosures," we valued our cash and cash equivalents using Level 1 inputs that were based on quoted market prices. We believe that the carrying amounts of our other current financial assets (such as accounts receivable) and other current liabilities

(including accounts payable, accrued expenses and accrued expenses) the current portion of long-term debt) approximate their fair values due to their short-term maturities. The fair value of the non-current portion of our Credit Facility that we entered into on October 31, 2018 long-term debt approximates its carrying amount due to its variable interest rate and pricing grid that is dependent upon our leverage ratio as of such date.

Level 3 inputs are unobservable inputs developed using the end best available information under the circumstances. Level 3 inputs are supported by little or no market activity, are significant to the fair value of each fiscal quarter, the assets or liabilities and reflect our assumptions related to how market participants would use similar inputs to price the asset or liability.

As further discussed in Note (8) - "Credit Facility," we used Level 3 inputs to value the warrants issued to lenders in connection with our Credit Facility. As of July 31, 2023 July 31, 2024, we determined the fair value of such warrants based on the Black-Scholes option pricing model using the following estimates: exercise price of \$0.10, risk free rate of 4.0%, volatility of 55.0%, and 2022, expected life of seven years. We also used Level 3 inputs to value the embedded derivative liability associated with our Credit Facility. As of July 31, 2024, we determined the fair value of the embedded derivative liability using a with-and-without scenario-based discounted cash flow method, which reflected our estimates regarding the probability and timing of events that could result in additional payments of interest and/or fees to such lenders as stated in our Credit Facility.

As further discussed in Note (16) - "Convertible Preferred Stock," we used Level 3 inputs to value warrants contingently issuable under the terms of our Convertible Preferred Stock. As of July 31, 2024, we determined the fair value of Convertible Preferred Stock warrants using the Monte Carlo simulation model with the following assumptions: expected life of five months; risk free rate of 3.9%; expected volatility of 60.0%; and dividend yield of 0%.

As of July 31, 2024 and 2023, other than the financial instruments discussed above, we had no other significant assets or liabilities included in our Consolidated Balance Sheets recorded at fair value, as such term is defined by FASB ASC 820.

F - 22

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(j) (k) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of net sales and expenses during the reported period. We make significant estimates in many areas of our accounting, including but not limited to the following: long-term liquidity and going concern assessments, revenue recognition related to contracts accounted for over time, stock-based compensation, intangible assets (including goodwill) and liabilities, including goodwill, provision for excess and obsolete inventory, allowance for doubtful accounts, warranty obligations and income taxes. Actual results may differ from those estimates.

(k) (l) Comprehensive Income

In accordance with FASB ASC 220 "Comprehensive Income," we report all changes in equity during a period, except those resulting from investment by owners and distribution to owners, for the period in which they are recognized. Comprehensive income is the total of net income and all other non-owner changes in equity (or other comprehensive income) such as unrealized gains/losses on securities classified as available-for-sale, foreign currency translation adjustments and minimum pension liability adjustments. Comprehensive income (loss) was the same as our net income (loss) in fiscal 2024, 2023 2022 and 2021, 2022.

F - 19

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(l) (m) Reclassifications

Certain reclassifications have been made to previously reported consolidated financial statements to conform to the fiscal 2023 2024 presentation.

(m) (n) Adoption of Accounting Standards and Updates

We are required to prepare our consolidated financial statements in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") which is the source for all authoritative U.S. generally accepted accounting principles, which are commonly referred to as "GAAP." The FASB ASC is subject to

updates by the FASB, which are known as Accounting Standards Updates ("ASUs"). During fiscal 2024 the following FASB ASUs have been issued but and incorporated into the FASB ASC and have not yet been adopted by us as of July 31, 2024:

- FASB ASU No. 2023-07, which requires the disclosure of significant segment expenses, by reportable segment, regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss. The disclosure of other segment items by reportable segment are also required and would constitute the difference between segment revenues less these significant segment expenses and reported segment profit or loss. On an annual basis, the update requires an entity to disclose the CODM's title and position, as well as describe how the CODM uses the reported measures. Additionally, all existing annual disclosures about segment profit or loss must be provided on an interim basis in addition to the disclosure of significant segment expenses and other segment items. This ASU is effective until for fiscal years beginning after July 31, 2023, are December 15, 2023 (our fiscal year beginning on August 1, 2024) and for interim periods within fiscal years beginning after December 15, 2024 (our interim period beginning on August 1, 2025), with early adoption permitted. The adoption of this guidance will impact our disclosures only and we do not expect it to have a material impact on our consolidated financial statements.
- FASB ASU No. 2023-09 enhances and establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. Most notably under the new requirements is greater disaggregation of information in the effective tax rate reconciliation, including the inclusion of both percentages and amounts, specific categories, and additional information for reconciling items meeting a quantitative threshold defined by the guidance. Additionally, disclosures of income taxes paid and income tax expense must be disaggregated by federal, state and foreign taxes, with income taxes paid further disaggregated for individual jurisdictions that represent 5 percent or more of total income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 (our fiscal year beginning on August 1,

F - 23

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

2025), with early adoption permitted. We are evaluating the impact of this ASU on our consolidated financial statements or and disclosures.

(2) CEO Transition Costs

For the three fiscal years ended July 31, 2024, cumulative CEO transition costs aggregated \$25,560,000.

Fiscal 2024 - On March 12, 2024, Ken Peterman, our former Chairman of the Board, President and CEO, was terminated for cause and the Board of Directors appointed John Ratigan as interim Chief Executive Officer ("CEO") and Mark Quinlan as Chairman of the Board of Directors. Prior to the changes, Mr. Ratigan served as our Chief Corporate Development Officer and Mr. Quinlan served as a member of our Board of Directors. Upon termination of his employment, Mr. Peterman was deemed to have resigned from his position as Chairman of the Board of Directors and as a director pursuant to his employment contract. CEO transition costs of \$2,916,000 incurred during fiscal 2024 primarily consisted of legal expenses and were expensed in our Unallocated segment.

Fiscal 2023 - On August 9, 2022, our Board of Directors appointed Ken Peterman as our Chairman of the Board, Ken Peterman, as President and Chief Executive Officer ("CEO"). CEO. Transition costs related to his predecessor, our former President and CEO, Michael D. Porcelain, pursuant to his separation agreement with the Company, were \$7,424,000, of which \$3,764,000 related to the acceleration of unamortized stock based compensation, with the remaining \$3,660,000 related to his severance payments and benefits upon termination of employment. The cash portion of the transition costs of \$3,660,000 was paid to Mr. Porcelain in October 2022. Also, in connection with Mr. Peterman entering into an employment agreement with the Company, effective as of August 9, 2022, we incurred a \$1,000,000 expense related to a cash sign-on bonus, which was paid to Mr. Peterman in January 2023. CEO transition costs related to Mr. Porcelain and Mr. Peterman were expensed in our Unallocated segment during the first quarter of fiscal 2023.

Fiscal 2022 - During fiscal 2022, we expensed \$13,554,000 of transition costs related to another former CEO, Fred Kornberg.

F - 24

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3) Business Divestiture

On November 7, 2023, we completed the divestiture of our solid-state RF microwave high power amplifiers and control components product line, which was included in our Satellite and Space Communications segment, pursuant to a stock sale agreement entered into on October 11, 2023 (the "PST Divestiture"). The final sales price for this divestiture was \$35,459,000. As of July 31, 2024, we received net cash proceeds of \$33,277,000, which reflects \$2,182,000 of transaction costs. Based on the carrying

amount of net assets related to the PST Divestiture (see below table), we recognized a GAAP pre-tax loss of \$1,199,000. Such loss is presented in the "Loss on Business Divestiture" line item in our *Consolidated Statements of Operations*.

The carrying amount of the major classes of assets and liabilities related to the PST Divestiture ("PST Disposal Group") as of November 7, 2023 are as follows:

Cash and cash equivalents	\$ (71,000)
Accounts receivable, net	4,168,000
Inventories, net	17,822,000
Prepaid expenses and other current assets	201,000
Property, plant and equipment, net	2,790,000
Operating lease right-of-use assets, net	5,379,000
Goodwill	14,587,000
Other assets, net	35,000
Total assets of disposal group held for sale	\$ 44,911,000
Accounts payable	\$ 3,081,000
Accrued expenses and other current liabilities	1,622,000
Operating lease liabilities, current	545,000
Contract liabilities	656,000
Operating lease liabilities, non-current	4,894,000
Deferred tax liability, net	(363,000)
Total liabilities of disposal group held for sale	\$ 10,435,000

F - 25

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(4) Accounts Receivable

Accounts receivable consists of the following at **July 31, 2023** **July 31, 2024** and **2022**: **2023**:

	2023	2022	2024	2023
Receivables from commercial and international customers	Receivables from commercial and international customers	\$ 52,438,000	59,922,000	
Unbilled receivables from commercial and international customers	Unbilled receivables from commercial and international customers	54,469,000	39,826,000	
Receivables from the U.S. government and its agencies	Receivables from the U.S. government and its agencies	31,149,000	24,776,000	

Unbilled receivables from the U.S. government and its agencies	Unbilled receivables from the U.S. government and its agencies	27,192,000	1,524,000
Total accounts receivable	Total accounts receivable	165,248,000	126,048,000
Less allowance for doubtful accounts	Less allowance for doubtful accounts	2,089,000	2,337,000
Accounts receivable, net	Accounts receivable, net	<u>\$163,159,000</u>	<u>123,711,000</u>

Unbilled receivables as of **July 31, 2023** **July 31, 2024** relate to contracts-in-progress for which revenue has been recognized, but we have not yet earned the right to bill the customer for work performed to-date. Under ASC 606, unbilled receivables constitute contract assets. Management estimates that a substantial portion of the amounts not yet billed at **July 31, 2023** **July 31, 2024** will be billed and collected within one year. Accounts receivable in the table above excludes \$824,000 and \$2,993,000 of long-term unbilled receivables presented within "Other assets, net" "Other Assets, Net" in the **consolidated balance sheet****Consolidated Balance Sheets** as of **July 31, 2024** and **July 31, 2023**, respectively.

As of July 31, 2024, the U.S. government (and its agencies), one U.K. based international customer of troposcatter related technologies and AT&T represented 36.4%, 11.3% and 10.9% of total accounts receivable, respectively. There were no other customers which accounted for greater than 10.0% of total accounts receivable.

As of July 31, 2023, except for the U.S. government (and its agencies) and AT&T, which represented 35.3% and 11.0% of total accounts receivable, respectively, there were no other customers which accounted for greater than 10.0% of total accounts receivable.

(5) Inventories

Inventories consist of the following at July 31, 2024 and 2023:

	2024	2023
Raw materials and components	\$ 72,820,000	87,139,000
Work-in-process and finished goods	38,587,000	43,365,000
Total inventories	<u>111,407,000</u>	<u>130,504,000</u>
Less reserve for excess and obsolete inventories	18,271,000	24,659,000
Inventories, net	<u>\$ 93,136,000</u>	<u>105,845,000</u>

As of **July 31, 2022**, except for **July 31, 2024** and **2023**, the **U.S. government (and its agencies)** amount of inventory directly related to long-term contracts (including contracts-in-progress) was \$2,869,000 and **Verizon**, which represented 20.9% \$5,911,000, respectively, and 13.4% the amount of total accounts receivable, respectively, there were no other inventory related to contracts from third-party commercial customers which accounted for greater than 10.0% of total accounts receivable who outsource their manufacturing to us was \$2,204,000 and \$3,277,000, respectively.

F - 2026

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(4) Inventories

Inventories consist of the following at July 31, 2023 and 2022:

	2023	2022
Raw materials and components	\$ 87,139,000	78,478,000
Work-in-process and finished goods	43,365,000	40,960,000
Total inventories	<u>130,504,000</u>	<u>119,438,000</u>

Less reserve for excess and obsolete inventories	24,659,000	23,121,000
Inventories, net	\$ 105,845,000	96,317,000

As of July 31, 2023 and 2022, the amount of inventory directly related to long-term contracts (including contracts-in-progress) was \$5,911,000 and \$4,100,000, respectively, and the amount of inventory related to contracts from third-party commercial customers who outsource their manufacturing to us was \$3,277,000 and \$1,866,000, respectively.

(5) (6) Property, Plant and Equipment

Property, plant and equipment consist of the following at July 31, 2023 July 31, 2024 and 2022: 2023:

	2023	2022	2024	2023
Machinery and equipment	Machinery and equipment	\$193,832,000	186,935,000	
Internal-use software				
Leasehold improvements	Leasehold improvements	9,680,000	14,260,000	
		203,512,000	201,195,000	
Less accumulated depreciation and amortization	Less accumulated depreciation and amortization			
		150,483,000	150,832,000	
Property, plant and equipment, net	Property, plant and equipment, net	\$ 53,029,000	50,363,000	

Depreciation and amortization expense on property, plant and equipment amounted to \$12,159,000, \$11,917,000 \$10,303,000 and \$9,343,000 \$10,303,000 for the fiscal years ended July 31, 2023 July 31, 2024, 2022 2023 and 2021, 2022, respectively.

(6) (7) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following at July 31, 2023 July 31, 2024 and 2022: 2023:

	2023	2022	2024	2023
Accrued wages and benefits	Accrued wages and benefits	\$21,994,000	25,675,000	
Accrued contract costs	Accrued contract costs	19,041,000	15,921,000	
Accrued warranty obligations	Accrued warranty obligations	8,285,000	9,420,000	
Accrued commissions and royalties	Accrued commissions and royalties	4,659,000	5,697,000	
Accrued legal costs	Accrued legal costs	688,000	2,514,000	
Other	Other	12,323,000	13,435,000	
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	\$66,990,000	72,662,000	

Accrued contract costs represent direct and indirect costs on contracts as well as estimates of amounts owed for invoices not yet received from vendors or reflected in accounts payable.

Accrued warranty obligations as of **July 31, 2023** **July 31, 2024** relate to estimated liabilities for assurance type warranty coverage that we provide to our customers. We generally provide warranty coverage for some of our products for a period of at least one year from the date of delivery. We record a liability for estimated warranty expense based on historical claims, product failure rates, consideration of contractual obligations, future costs to resolve software issues and other factors. Some of our product warranties are provided under long-term contracts, the costs of which are incorporated into our estimates of total contract costs.

F - 21

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Changes in our accrued warranty obligations during the fiscal years ended **July 31, 2023** **July 31, 2024** and **2022** **2023** were as follows:

		2023	2022
Balance at beginning of year	Balance at beginning of year	\$ 9,420,000	17,600,000
Provision for (benefit from) warranty obligations		3,158,000	(1,255,000)
Balance at beginning of year			
Balance at beginning of year			
Provision for warranty obligations			
Provision for warranty obligations			
Provision for warranty obligations			
Adjustments for changes in estimates			
Adjustments for changes in estimates			
Adjustments for changes in estimates	Adjustments for changes in estimates	(2,300,000)	(2,500,000)
Charges incurred	Charges incurred	(1,993,000)	(4,425,000)
Charges incurred			
Charges incurred			
PST Divestiture			
PST Divestiture			
PST Divestiture			
Balance at end of year	Balance at end of year	<u>\$ 8,285,000</u>	<u>9,420,000</u>
Balance at end of year			
Balance at end of year			

During fiscal 2023, and 2022, we recorded benefits of \$2,300,000 and \$2,500,000, respectively, to cost of sales in our Terrestrial and Wireless Networks segment due to lower than expected warranty claims associated with previously acquired NG-911 technologies.

F - 27

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(7) (8) Credit Facility

On **October 31, 2018** **November 30, 2022**, we entered into a **First** **Second** Amended and Restated Credit Agreement (the "Credit Facility") which provided a senior secured loan facility up to \$300,000,000, consisting of (i) a revolving loan facility with a syndicate of lenders. As of **July 31, 2022** borrowing limit up to \$150,000,000; and (ii) a \$50,000,000 term loan. At **July 31, 2023**, the amount outstanding under our **Credit Facility** the credit facility was \$130,000,000, \$164,404,000, of which \$160,029,000, net of deferred financing fees of \$621,000, is reflected in the non-current portion of long-term debt on our **consolidated balance sheet**. **Consolidated Balance Sheets**.

On **November 30, 2022**, **November 7, 2023**, we refinanced the amount outstanding under the Credit Facility by entering into a **Second** **Third** Amended and Restated Credit Agreement (also referred to herein as the "Credit Facility") with the existing lenders. The (the "Prior Credit Facility provides"), which provided for a senior secured loan facility of up to \$300,000,000 \$200,000,000 consisting of: (i) a revolving loan facility ("Revolving Loan Facility") with an initial borrowing limit of \$150,000,000, including

a \$20,000,000 letter of credit sublimit \$150,000,000; and a swingline loan credit sublimit of \$15,000,000; (ii) a \$50,000,000 term loan. The Prior Credit Facility also provided for the following, among other things: effective January 31, 2024 and April 30, 2024, (a) our borrowing limit under the revolving loan facility reduced to \$140,000,000 and \$135,000,000, respectively; (b) the term loan amortization increased from \$1,250,000 to \$1,875,000 per quarter, with the remaining balance due upon maturity; and (c) the Applicable Rate increased 0.25%. In connection with entering the Prior Credit Facility, we capitalized \$5,941,000 of total financing costs and accounted for the amendments as debt modifications.

On June 17, 2024, we entered into a \$222,000,000 senior secured loan facility with a new syndicate of lenders (the "Credit Facility"), which replaced our Prior Credit Facility. The Credit Facility consists of: (i) a \$162,000,000 term loan A ("Term Loan"); (ii) a \$50,000,000 term loan B ("Term Loan" facility) and (iii) an accordion feature allowing us to make a request to borrow up to asset-based revolving credit facility with revolving commitments in an additional \$100,000,000 aggregate principal amount of \$60,000,000, subject to borrowing base limitations as described below (the "Revolving Loan" facility). At closing, \$25,000,000 of the satisfaction Revolving Loan was funded and, together with the Term Loan, the proceeds were used to repay the Prior Credit Facility in full and for working capital and other general corporate purposes. The obligations under the Credit Facility are guaranteed by certain of specified conditions, including approval by our lenders, domestic and foreign subsidiaries (the "Guarantors), who have granted for the benefit of the lenders, a lien on, and first priority security interest in, substantially all of our tangible and intangible assets. The Credit Facility, which was amended October 17, 2024, has a maturity date which is the earlier of (x) July 31, 2028 or (y) 90 days prior to the earliest date that the debt under the Subordinated Credit Facility becomes due and payable (the "Maturity Date"), as discussed further below.

In connection with entering the Credit Facility, we capitalized \$3,809,000 the Term Loan lenders received 1,435,884 detachable warrants ("Lender warrants") granted at an exercise price of financing costs, \$0.10 per common share which entitles the Term Loan lenders to purchase 1,435,884 shares of our common stock from us at any time and from time to time after the Closing Date and on or prior to June 17, 2031, subject to certain adjustments. If the Term Loan is refinanced, the Term Loan lenders have the right to sell up to 50.0% of the warrants back to us for cash, at a 10.0% discount to the 30-day volume weighted average price of our common stock, subject to certain adjustments. We determined that the Lender warrants met the definition of a freestanding financial instrument that should be accounted for as a liability. We established an initial Lender warrant liability of \$3,011,000 which was allocated as a discount against the amendment Term Loan proceeds. The Lender warrant liability is classified in "Other Liabilities" on the *Consolidated Balance Sheets* and is remeasured to its estimated fair value each reporting period, using Level 3 fair value inputs, until the Lender warrants are exercised or expire. Changes in the estimated fair value of the Lender warrant liability are recognized in our *Consolidated Statement of Operations* as a non-cash expense or benefit. As of July 31, 2024, the Lender warrant liability was remeasured to \$4,544,000, resulting in a non-cash expense of \$1,533,000 recorded in "Other expenses (income)" on the *Consolidated Statements of Operations*.

Additionally, we identified several embedded derivatives that require bifurcation from the Credit Facility under ASC 815-40 "Derivatives and Hedging - Contracts in Entity's Own Equity." Certain of these embedded features include events of default and contingent fee and interest rate increases and were determined to qualify as embedded derivatives, accounted for as one compound embedded derivative liability. We established an initial embedded derivative liability of \$3,116,000, which was allocated as a debt modification.

discount against the Term Loan proceeds. The embedded derivative liability is classified in "Other Liabilities" on the *Consolidated Balance Sheets* and is remeasured to its estimated fair value each reporting period, using Level 3 fair value inputs, until the embedded derivative features have zero probability of occurring or expire. Changes in the estimated fair value of the embedded derivative liability are recognized in our *Consolidated Statement of Operations* as a non-cash expense or benefit. As of July 31, 2023 July 31, 2024, the amount outstanding under our Credit Facility embedded derivative liability was as follows:

	July 31, 2023
Term Loan	\$ 48,125,000
Less unamortized deferred financing costs related to Term Loan	621,000
Term Loan, net	47,504,000
Revolving Loan Facility	116,900,000
Amount outstanding under Credit Facility, net	164,404,000
Less current portion of long-term debt	4,375,000
Non-current portion of long-term debt	\$ 160,029,000

At July 31, 2023, we had \$1,049,000 remeasured to \$3,041,000, resulting in \$75,000 of standby letters income recorded in "Other expenses (income)" on the *Consolidated Statements of credit outstanding under our Credit Facility related to guarantees of future performance on certain customer contracts and no outstanding commercial letters of credit. During the fiscal year ended July 31, 2023, we had outstanding balances under the Credit Facility ranging from \$130,000,000 to \$183,250,000.*

As of July 31, 2023, total net deferred financing costs related to the Credit Facility were \$2,971,000 and are being amortized over the term of our Credit Facility through the Maturity Date.

Interest expense related to our Credit Facility, including amortization of deferred financing costs, recorded during the fiscal years ended July 31, 2023, 2022 and 2021 was \$14,931,000, \$4,933,000 and \$5,628,000, respectively. Our blended interest rate approximated 8.89%, 3.41% and 2.84%, respectively, for fiscal 2023, 2022 and 2021. Operations.

Notes to Consolidated Financial Statements, Continued

Borrowings In connection with entering the Credit Facility, we paid fees of \$15,035,000, including: (i) \$9,979,000 of financing fees, of which \$6,626,000 is attributable to the Term Loan and \$3,353,000 is attributable to the Revolving Loan; and (ii) \$5,056,000 of closing fees, representing approximately 3.0% of the Term Loan commitment plus certain other reimbursable expenses paid directly to the Term Loan lenders and accounted for as a discount against the Term Loan proceeds. Additionally, a \$2,430,000 Term Loan exit fee, which was earned on the closing date and is payable directly to the Term Loan lenders at maturity or earlier, as defined, was accounted for as a discount against the Term Loan proceeds. The financing fees and discounts attributable to the Term Loan are amortized as interest expense over the life of the debt and are presented as a deduction to the borrowings outstanding under the Term Loan. The financing fees attributable to the Revolving Loan are capitalized on the *Consolidated Balance Sheets* and amortized as interest expense over the life of the debt.

As of July 31, 2024, the amount outstanding under our Credit Facility was as follows:

	July 31, 2024
Term Loan	\$ 161,663,000
Less unamortized deferred financing costs related to Term Loan	6,425,000
Less unamortized discount related to Term Loan	13,202,000
Term Loan, net	142,036,000
Revolving Loan	32,500,000
Amount outstanding under Credit Facility, net	174,536,000
Less current portion of long-term debt	4,050,000
Non-current portion of long-term debt	\$ 170,486,000

During the fiscal year ended July 31, 2024, we had outstanding balances under our credit facilities ranging from \$156,241,000 to \$202,000,000.

As of July 31, 2024, total net deferred financing costs related to the Credit Facility were \$9,676,000 and are being amortized over the term of the Credit Facility through the Maturity Date. The refinancing of our Prior Credit Facility is considered a debt extinguishment and, as such, \$1,832,000 of net deferred financing costs primarily related to the Prior Credit Facility were expensed in fiscal 2024 and included in interest expense reported on our *Consolidated Statement of Operations*.

Interest expense related to our Credit Facility and Prior Credit Facility, including amortization of deferred financing costs and discounts, recorded during the fiscal years ended July 31, 2024, 2023 and 2022 was \$22,058,000, \$14,931,000 and \$4,933,000, respectively. Our blended interest rate approximated 12.26%, 8.89% and 3.41% for fiscal 2024, 2023 and 2022, respectively.

Availability under the Revolving Loan is subject to eligibility criteria set forth in the Credit Facility, and equal to a borrowing base in an amount equal to, from time to time: (a) 85% of the net book value of billed and invoiced accounts receivables of the Borrowing Base Parties, as defined; plus (b) 85% of the net book value of accounts receivables that the Borrowing Base Parties have the right to bill but have not yet billed up to the lesser of (i) 12.5% of the amount calculated pursuant to the sum of clauses (a) and (b) and (ii) \$15.0 million of such accounts; plus (c) 60% of the net book value of all inventory of the Borrowing Base Parties, less (d) customary reserves.

The Credit Facility provides that (a) Revolving Loans comprised of (i) Base Rate Loans shall bear interest at the Base Rate plus an additional margin ranging from 3.75% to 4.25%, depending on the average quarterly revolving loan usage during the applicable determination period and (ii) SOFR Loans shall bear interest at the Term SOFR rate plus an additional margin ranging from 4.75% to 5.25%, depending on the average quarterly revolving loan usage during the applicable determination period and (b) Term Loans comprised of (i) Base Rate Loans shall bear interest at the Base Rate plus an additional margin ranging from 7.50% to 9.00%, depending on our net leverage ratio during the applicable determination period and (ii) SOFR Loans shall bear interest at the Term SOFR rate plus an additional margin ranging from 8.50% to 10.00%, depending on our net leverage ratio during the applicable determination period. The Term Loans bear both cash interest and interest paid-in-kind ("PIK"). PIK interest is fixed at 2.50% and is to be capitalized and added to the outstanding principal on each interest payment date.

Notes to Consolidated Financial Statements, Continued

The Term Loan are either: (i) Alternate Base Rate borrowings, which would bear interest from the applicable borrowing date at a rate is subject to 2.50% amortization per annum, equal to (x) payable on the highest of (a) the Prime Rate in effect on such last day (b) the Federal Funds Effective Rate in effect on such day plus 0.50% and (c) the Adjusted Term SOFR for a one-month tenor in effect on such day (or, if such day is not a business day, the immediately preceding business day) plus 1.00%, plus (y) the Applicable Rate, or (ii) SOFR borrowings, which would bear interest from the applicable borrowing date at a rate per annum equal to (x) the Adjusted Term SOFR for such interest period plus (y) the Applicable Rate. Determination of the Applicable Rate is based on a pricing grid that is dependent upon our Leverage Ratio as of the end of each fiscal quarter for which consolidated financial statements have been most recently delivered. The first Term Loan repayment of \$675,000 was paid on July 31, 2024 and quarterly Term Loan repayments thereafter are \$1,012,500, with the remaining Term Loan balance due on the Maturity Date.

The Credit Facility contains (a) customary representations, warranties and affirmative **covenants**. The Credit Facility also contains **covenants**; (b) customary conditions to drawing the Revolver; (c) customary negative covenants, subject to negotiated exceptions, including but not limited to: (i) liens, (ii) investments, (iii) indebtedness, (iv) significant corporate changes, including mergers and acquisitions, (v) dispositions, including the disposition of assets by any Loan Party to any Subsidiary that is not a Subsidiary Loan Party, (vi) restricted payments, including stockholder dividends, (vii) distributions, including the repayment of subordinated intercompany and (viii) third party indebtedness, and (viii) certain other restrictive agreements. The Credit Facility also contains **agreements**; (d) certain financial covenants, including a maximum Net Leverage Ratio, minimum Fixed Charge Coverage Ratio, Minimum Average Liquidity and Minimum EBITDA; (e) customary optional and mandatory prepayment events; and (f) customary events of default (subject to grace periods, as appropriate), such as payment defaults, cross-defaults to other material indebtedness, bankruptcy and insolvency, the occurrence of a defined change in control and the failure to observe the negative covenants and other covenants related to the operation of our business. In addition, under certain circumstances, we may be required to enter into amendments to the Credit Facility in connection with any further syndication of the Credit Facility.

The Under the Credit Facility, provides for among other things: (i) scheduled payments of principal under the Term Loan totaling \$2,500,000 in the first year after closing (of which \$1,875,000 was paid through July 31, 2023), and \$5,000,000 in the second year after closing, with the remaining balance of the Term Loan due upon maturity; (ii) a maximum Leverage Ratio of 3.75x trailing twelve months ("TTM") Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") at the fiscal quarter ended July 31, 2023 July 31, 2024, stepping down we were required to 3.5x at the fiscal quarter ending January 31, 2024 and thereafter; (iii) maintain a Minimum Interest Coverage maximum Net Leverage Ratio of 3.25x TTM Adjusted EBITDA; and (iv) Minimum Liquidity EBITDA, a minimum Fixed Charge Coverage Ratio of \$25,000,000.

As of July 31, 2023, our Secured Leverage Ratio was 3.54x 1.20x TTM Adjusted EBITDA compared and Minimum Average Liquidity of \$20,000,000. As discussed below, on October 17, 2024, we entered into an amendment to the maximum allowable Secured Credit Facility to waive a Net Leverage Ratio of 3.75x TTM Adjusted EBITDA. Our Interest Expense and Fixed Charge Coverage Ratio event of default as of July 31, 2023 was 3.54x TTM Adjusted EBITDA compared to the Minimum Interest Expense Coverage Ratio of 3.25x TTM Adjusted EBITDA. Our Minimum Liquidity was \$28,500,000 compared to the Minimum Liquidity requirement of \$25,000,000, July 31, 2024.

The obligations Subsequent Event

On October 17, 2024, we entered into an amendment to the Credit Facility (the "Amended Credit Facility") in order to (i) waive certain events of default that occurred under the Credit Facility, including in connection with our Net Leverage Ratio and Fixed Charge Coverage Ratio for the 4 quarter period ended July 31, 2024. and (ii) amend the Credit Facility. As a result the Amended Credit Facility, there are guaranteed by certain no ongoing events of our domestic and foreign subsidiaries (the "Guarantors"). As collateral security default under the Credit Facility.

The Amended Credit Facility and also amends the guarantees thereof, we and Credit Agreement to, amongst other things; (i) increase the Guarantors have granted interest rate margins applicable to the administrative agent, for the benefit of loans (as described in further detail below); (ii) modify certain financial and collateral reporting requirements; (iii) provide the lenders a lien on, consent right with respect to \$27,500,000 of revolver borrowings above \$32,500,000 (i.e., the current amount of revolver borrowings outstanding); (iv) permit the incurrence of \$25,000,000 of senior unsecured subordinated debt (the "Subordinated Credit Agreement") (as described in further Note (19) – "Subsequent Event - Subordinated Credit Agreement"); (v) amend the Maturity Date; and first priority security interest in, substantially all (vi) suspend financial covenant testing through the end of our tangible fiscal quarter ending January 31, 2025.

Under the Amended Credit Facility, the interest rate margins that are applicable to the Revolving Loan are increased by 1.00% at each level. Accordingly, the Amended Credit Facility provides that Revolving Loans comprised of (i) Base Rate Loans shall bear interest at the Base Rate plus an additional margin ranging from 4.75% to 5.25%; and intangible assets, (ii) SOFR Loans shall bear interest at the Term SOFR rate plus an additional margin ranging from 5.75% to 6.25%, each depending on the average quarterly revolving loan usage during the applicable determination period. The Amended Credit Facility provides that the interest rate margins on the Term Loans are 12.00% per annum for Base Rate Loans and 13.00% per annum for SOFR Loans until the first business day of the month following January 31, 2025, when the Company has delivered financial statements demonstrating compliance with the financial covenants under the Amended Credit Facility. If demonstrated, the interest rate margins revert to the margins provided under the Existing Credit Facility with respect to Term Loans, specifically, (i) Base Rate Loans shall bear interest at the Base Rate plus an additional margin ranging from 7.50% to 9.00%; and (ii) SOFR Loans shall bear interest at the Term SOFR rate plus an additional margin ranging from 8.50% to 10.00%, each depending on our Net Leverage Ratio during the applicable determination period.

Capitalized terms used but not defined herein have the meanings set forth for such terms in the Prior Credit Facility, the Credit Facility and the Amended Credit Facility, all of which has have been documented and filed with the SEC.

The Credit Facility has a maturity date of October 31, 2024 ("Maturity Date"), which is approximately one year out from now. In anticipation of the upcoming Maturity Date, we engaged a third-party financial advisor to assist us with both the refinancing of our existing Credit Facility, as well as with our evaluation of other capital structure-related alternatives.

F - 2330

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(8)(9) Leases

Our leases historically relate to the leasing of facilities and equipment. In accordance with FASB ASC 842 - "Leases" ("ASC 842"), we determine at inception whether an arrangement is, or contains, a lease and whether the lease should be classified as an operating or a financing lease. At lease commencement, we recognize a right-of-use ("ROU") asset and lease liability based on the present value of the future lease payments over the estimated lease term. We have elected to not recognize a ROU asset or lease liability for any leases with terms of twelve months or less. Instead, for such short-term leases, we recognize lease expense on a straight-line basis over the lease term. Certain of our leases include options to extend the term of the lease or to terminate the lease early. When it is reasonably certain that we will exercise a renewal option or will not exercise a termination option, we include the impact of exercising or not exercising such option, respectively, in the estimate of the lease term. As our lease agreements do not explicitly state the discount rate implicit in the lease, we use our incremental borrowing rate ("IBR") on the commencement date to calculate the present value of future lease payments. Such IBR represents our estimated rate of interest to borrow on a collateralized basis over a term commensurate with the expected lease term.

Some of our leases include payments that are based on the Consumer Price Index ("CPI") or other similar indices. These variable lease payments are included in the calculation of the ROU asset and lease liability using the index as of the lease commencement date. Other variable lease payments, such as common area maintenance, property taxes, and usage-based amounts, are required by ASC 842 to be excluded from the ROU asset and lease liability and expensed as incurred. In addition to the present value of the future lease payments, the calculation of the ROU asset would also consider, to the extent applicable, any deferred rent upon adoption, lease pre-payments or initial direct costs of obtaining the lease (e.g., such as commissions).

For all classes of leased assets, we elected the practical expedient to not separate lease components (i.e., the actual item being leased, such as the facility or piece of equipment) from non-lease components (i.e., the distinct elements of a contract not related to securing the use of the leased asset, such as common area maintenance and consumable supplies).

Certain of our facility lease agreements (which are classified as operating leases) contain rent holidays or rent escalation clauses. For rent holidays and rent escalation clauses during the lease term, we record rental expense on a straight-line basis over the term of the lease. As of **July 31, 2023** **July 31, 2024**, none of our leases contained a residual value guarantee and covenants included in our lease agreements are customary for the types of facilities and equipment being leased.

The components of lease expense are as follows:

		Fiscal years ended July 31,		
		2023	2022	2021
		Fiscal years ended July 31,		
		2024	2024	2023
Finance lease expense:	Finance lease expense:			
Amortization of ROU assets	Amortization of ROU assets			
Amortization of ROU assets	Amortization of ROU assets	\$ 5,000	13,000	36,000
Interest on lease liabilities	Interest on lease liabilities	—	1,000	3,000
Operating lease expense	Operating lease expense	10,439,000	11,658,000	12,152,000
Short-term lease expense	Short-term lease expense	435,000	402,000	819,000
Variable lease expense	Variable lease expense	4,031,000	4,619,000	4,523,000
Sublease income	Sublease income	(67,000)	(67,000)	(67,000)
Total lease expense	Total lease expense	<u>\$14,843,000</u>	<u>16,626,000</u>	<u>17,466,000</u>

F - 2431

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Additional information related to leases is as follows:

REFINITIV CORPORATE DISCLOSURES | www.refinitiv.com | Contact Us

133/191

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV 

		Fiscal years ended July 31,		
		2023	2022	2021
		Fiscal years ended July 31,		
		2024	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:			
Cash paid for amounts included in the measurement of lease liabilities:				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating leases -	Operating leases -			
Operating cash outflows	Operating cash outflows	\$ 10,604,000	11,864,000	10,868,000
Finance leases -	Finance leases -			
Operating cash outflows	Operating cash outflows	—	1,000	3,000
Finance leases -	Finance leases -			
Financing cash outflows	Financing cash outflows	4,000	15,000	38,000
ROU assets obtained in the exchange for lease liabilities (non-cash):	ROU assets obtained in the exchange for lease liabilities (non-cash):			
Operating leases	Operating leases	\$ 3,211,000	15,233,000	24,987,000
Operating leases				
Operating leases				

The following table is a reconciliation of future cash flows relating to operating lease liabilities presented on our Consolidated Balance Sheet as of **July 31, 2023**:

Operating		
Fiscal 2024	\$ 9,478,000	
Fiscal 2025	8,872,000	\$ 8,263,000
Fiscal 2026	7,445,000	6,857,000
Fiscal 2027	5,351,000	4,756,000
Fiscal 2028	4,622,000	4,019,000
Fiscal 2029		3,367,000
Thereafter	21,572,000	16,428,000
Total future undiscounted cash flows	57,340,000	43,690,000
Less: Present value discount	6,932,000	5,563,000
Lease liabilities	\$ 50,408,000	38,127,000
Weighted-average remaining lease terms (in years)	8.31	7.97
Weighted-average discount rate	3.46	3.54 %

In fiscal 2022, we modified our existing lease for a facility in Seattle, Washington, increasing the lease term through October 2033. Accordingly, amounts related to the modified lease are reflected as an operating lease right-of-use asset or related operating lease liability in our Consolidated Balance Sheets as of July 31, 2023 and July 31, 2022.

We lease our Melville, New York production facility from a partnership controlled by our former CEO. Lease payments made during the fiscal year ended July 31, 2023 and 2022 were \$688,000 and \$675,000, respectively. The current lease provides for our use of the premises as they exist through December 2031. The annual rent of the facility for calendar year 2024 is \$691,000 and is subject to customary adjustments. We have a right of first refusal in the event of a sale of the facility.

As of July 31, 2023 July 31, 2024, we do not have any material rental commitments that have not commenced.

(10) Income Taxes

Loss before benefit from income taxes consists of the following:

	Fiscal Years Ended July 31,		
	2024	2023	2022
U.S.	\$ (65,374,000)	(21,327,000)	(31,772,000)
Foreign	(34,906,000)	(9,520,000)	(5,303,000)
	\$ (100,280,000)	(30,847,000)	(37,075,000)

F - 25 32

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(9) Income Taxes

Loss before The benefit from income taxes consists of the following:

	Fiscal Years Ended July 31,		
	2023	2022	2021
U.S.	\$ (21,327,000)	(31,772,000)	(73,153,000)
Foreign	(9,520,000)	(5,303,000)	(1,827,000)
	\$ (30,847,000)	(37,075,000)	(74,980,000)

The (benefit from) provision for income taxes included in the accompanying Consolidated Statements of Operations consists of the following:

Fiscal Years Ended July 31,			Fiscal Years Ended July 31,		
2023	2022	2021	2024	2023	2022

Federal	Federal				
—	—				
current	current	\$ (258,000)	287,000	608,000	
Federal	Federal				
—	—				
deferred	deferred	(4,623,000)	(4,888,000)	(877,000)	
State	State				
and	and				
local	local				
—	—				
current	current	1,412,000	348,000	466,000	
State and local —					
current					
State and local —					
current					
State	State				
and	and				
local	local				
—	—				
deferred	deferred	(815,000)	(442,000)	(598,000)	
Foreign	Foreign				
—	—				
current	current	958,000	1,197,000	688,000	
Foreign — current					
Foreign — current					
Foreign	Foreign				
—	—				
deferred	deferred	(622,000)	(525,000)	(1,787,000)	
Benefit	Benefit				
from	from				
income	income				
taxes	taxes	\$ (3,948,000)	(4,023,000)	(1,500,000)	

The benefit from income taxes differed from the amounts computed by applying the U.S. Federal income tax rate as a result of the following:

		Fiscal Years Ended July 31,						Fiscal Years Ended July 31,					
		2023		2022		2021		2024		2023		2022	
		Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
Computed "expected" tax benefit	Computed "expected" tax benefit	\$ (6,478,000)	21.0 %	(7,786,000)	21.0 %	(15,746,000)	21.0 %	tax benefit	Computed "expected" tax benefit	\$ (21,059,000)	21.0 %	(6,478,000)	21.0 %
Increase (reduction) in income taxes resulting from:	Increase (reduction) in income taxes resulting from:							Increase (reduction) in income taxes resulting from:	Increase (reduction) in income taxes resulting from:				
State and local income taxes, net of federal benefit	State and local income taxes, net of federal benefit	440,000	(1.4)	227,000	(0.6)	(1,371,000)	1.8						
Stock-based compensation	Stock-based compensation	692,000	(2.2)	1,049,000	(2.8)	(20,000)	—						
Research and experimentation credits	Research and experimentation credits	(2,576,000)	8.4	(1,484,000)	4.0	(1,018,000)	1.4						
Foreign-derived intangible income deduction	Foreign-derived intangible income deduction	(517,000)	1.7	—	—	164,000	(0.2)						

Revaluation of convertible preferred stock option liability	Revaluation of convertible preferred stock option liability	—	—	(211,000)	0.6	—	—
Nondeductible transaction costs		—	—	—	—	402,000	(0.5)
Revaluation of warrants							
Nondeductible executive compensation	Nondeductible executive compensation	1,484,000	(4.8)	2,801,000	(7.6)	628,000	(0.8)
Fines and penalties		—	—	(1,000)	—	—	—
Audit settlements		—	—	18,000	—	6,000	—
Change in the beginning of the year valuation allowance for deferred tax assets		—	—	—	—	(805,000)	1.1
PST Divestiture							
PST Divestiture							
PST Divestiture							
Change in valuation allowance	Change in valuation allowance	2,834,000	(9.2)	2,009,000	(5.4)	15,582,000	(20.8)
Remeasurement of deferred taxes	Remeasurement of deferred taxes	—	—	(396,000)	1.1	(224,000)	0.3
Foreign income taxes	Foreign income taxes	(269,000)	0.9	(478,000)	1.3	676,000	(0.9)
Goodwill impairment		—	—	—	—	—	—
Other, net	Other, net	442,000	(1.6)	229,000	(0.7)	226,000	(0.4)
Benefit from income taxes	Benefit from income taxes	\$(3,948,000)	12.8 %	(4,023,000)	10.9 %	(1,500,000)	2.0 %
	Benefit from income taxes	\$ (295,000)	0.3	0.3 %	(3,948,000)	12.8	12.8 %

F - 26 33

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at **July 31, 2023** **July 31, 2024** and **2022** **2023** are presented below:

	2023	2022	Deferred tax assets:	2024	2023
Deferred tax assets: Deferred tax assets:					
Inventory and warranty reserves	Inventory and warranty reserves	\$ 6,147,000	5,970,000		
Compensation and commissions	Compensation and commissions	3,221,000	4,376,000		
Federal, state and foreign research and experimentation credits	Federal, state and foreign research and experimentation credits	19,308,000	19,476,000		

Capitalized U.S. research and experimental expenditures	Capitalized U.S. research and experimental expenditures	8,784,000	—
Stock-based compensation	Stock-based compensation	4,774,000	3,950,000
Foreign scientific research and experimental development expenditures	Foreign scientific research and experimental development expenditures	2,118,000	1,890,000
Federal, state and foreign net operating losses	Federal, state and foreign net operating losses	13,011,000	14,481,000
Federal and state capital losses	Federal and state capital losses	15,582,000	15,582,000
Lease liabilities	Lease liabilities	11,986,000	12,595,000
Deferred revenue, non-current	Deferred revenue, non-current	4,463,000	2,194,000
163(j) Interest Expense Limitation			
Other	Other	2,417,000	3,725,000
Less: valuation allowance	Less: valuation allowance	(34,478,000)	(31,227,000)
Total deferred tax assets	Total deferred tax assets	57,333,000	53,012,000
Deferred tax liabilities:	Deferred tax liabilities:		Deferred tax liabilities:
Plant and equipment	Plant and equipment	(4,883,000)	(3,489,000)
Lease right-of-use assets	Lease right-of-use assets	(10,510,000)	(11,801,000)
Intangibles	Intangibles	(50,843,000)	(52,681,000)
Total deferred tax liabilities	Total deferred tax liabilities	(66,236,000)	(67,971,000)
Net deferred tax liabilities	Net deferred tax liabilities	<u><u>\$8,903,000</u></u>	<u><u>(14,959,000)</u></u>

At July 31, 2024, our net deferred tax liability of \$6,271,000 includes \$78,000 of foreign net deferred tax liabilities that were recorded as other liabilities, net in our Consolidated Balance Sheets. At July 31, 2023, our net deferred tax liability of \$8,903,000 includes \$591,000 of foreign net deferred tax assets that were recorded as other assets, net in our Consolidated Balance Sheets. At July 31, 2022, our net deferred tax liability of \$14,959,000 includes \$396,000 of foreign net deferred tax assets that were recorded as other assets, net in our Consolidated Balance Sheets.

We provide account for income taxes under the provisions of pursuant to ASC 740, which requires an asset and liability based approach in accounting for income taxes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not more-likely-than-not that some portion or all of them will not be realized. If management determines that it is more likely than not more-likely-than-not that some or all of its deferred tax assets will not be realized, a valuation allowance will be recorded against such deferred tax assets.

At July 31, 2023 July 31, 2024, we have federal research and experimentation credits carryforwards of \$9,995,000 that will \$7,991,000 which begin to expire in 2031, 2033. We have state research and experimentation credit carryforwards of \$9,234,000 which begin to expire in 2025. We believe that it is more-likely-than-not that the benefit from

certain state research and experimentation credits will not be realized. In recognition of this risk, we have provided a valuation allowance of \$8,502,000 on the deferred tax assets relating to these state credits.

At July 31, 2024, we have a nominal amount of federal net operating loss carryforward that will carryforwards which begin to expire in 2038. We have state net operating loss carryforwards available of \$3,864,000, \$3,652,000 which begin to expire through 2043, utilization of which will be limited by the amounts and timing of future taxable income and by the application of the ownership change rules under Section 382 of the Internal Revenue Code, in 2025. We believe it to be more likely than not more-likely-than-not that the benefit from certain state net operating loss carryforwards will not be realized. In recognition of this risk, we have provided a valuation allowance of \$3,757,000 \$3,448,000 on the deferred tax assets relating to these state net operating loss carryforwards. We have state research and experimentation credit carryforwards of \$8,936,000, which expire through 2043. We believe that it is more likely than not that the benefit from certain state research and experimentation credits will not be realized. In recognition of this risk, we have provided a valuation allowance of \$8,246,000 on the deferred tax assets relating to these state credits. In addition, we have provided a valuation allowance of \$1,094,000 on certain other state deferred tax assets. We have federal and state capital loss carryforwards of \$15,582,000, which begin to expire in 2026, and for which a full valuation allowance has been provided as we believe it to be more likely than not that the benefit from these capital losses will not be realized.

F - 27 34

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

At July 31, 2024, we have federal and state capital loss carryforwards of \$14,473,000 which mostly expire in 2026. We believe it to be more-likely-than-not that the benefit from these federal and state capital loss carryforwards will not be realized. In recognition of this risk, we have provided a full valuation allowance on the deferred tax assets relating to these federal and state capital loss carryforwards.

With respect to our remaining U.S. federal and state net deferred tax assets as of July 31, 2024, we believe it to be more-likely-than-not that the benefit from such assets will not be realized. In recognition of this risk, we have provided a valuation allowance of \$2,799,000 on these net deferred tax assets.

At July 31, 2023 July 31, 2024, we had have foreign deferred tax assets relating to research and experimentation credits of \$335,000 which begin to expire in 2039. We have foreign deferred tax assets relating to net operating loss carryforwards of \$9,186,000, \$14,624,000 which will begin to expire in 2032. We believe that it is more likely than not more-likely-than-not that certain foreign deferred tax assets, which include these net operating loss carryforwards, may not be realized. In recognition of this risk, we have provided a valuation allowance of \$5,799,000 \$15,666,000 on the these deferred tax assets relating to these net operating loss carryforwards. We have foreign deferred tax assets relating to research and experimentation credits of \$377,000, which will begin to expire in 2038. assets. Our foreign earnings and profits are insignificant not material and, as such, we have not recorded any deferred tax liability on unremitting foreign earnings.

At July 31, 2023 July 31, 2024 and 2022, 2023, total unrecognized tax benefits were \$9,166,000 \$8,605,000 and \$10,008,000, \$9,166,000, respectively, including interest of \$210,000 \$224,000 and \$330,000, \$210,000, respectively. At July 31, 2023 July 31, 2024 and 2022, 2023, \$2,231,000 and \$2,208,000, and \$3,007,000, respectively, of our unrecognized tax benefits were recorded as non-current income taxes payable on our Consolidated Balance Sheets. The remaining unrecognized tax benefits of \$6,374,000 and \$6,958,000 at July 31, 2024 and \$7,001,000 at July 31, 2023 and 2022, 2023, respectively, were presented as an offset to the associated non-current deferred tax assets on our Consolidated Balance Sheets. Of the total unrecognized tax benefits, \$7,679,000 and \$8,286,000 at July 31, 2024 and \$9,034,000 at July 31, 2023 and 2022, 2023, respectively, net of the reversal of the federal benefit recognized as a deferred tax asset relating to state reserves, would favorably impact our effective tax rate, if recognized. Unrecognized tax benefits result from income tax positions taken or expected to be taken on our income tax returns for which a tax benefit has not been recorded in our consolidated financial statements. We believe it is reasonably possible that the gross unrecognized tax benefits could decrease by as much as \$622,000 \$512,000 in the next 12 months due to the expiration of a statute of limitations related to federal, state and foreign tax positions.

Our policy is to recognize potential interest and penalties relating to uncertain tax positions in income tax expense. The following table summarizes the activity related to our unrecognized tax benefits for fiscal years 2024, 2023 2022 and 2021 2022 (excluding interest):

	2023	2022	2021	2024	2023	2022
Balance at beginning of period	Balance at beginning of period	\$9,675,000	9,009,000	8,270,000		
Increase related to current period	Increase related to current period	681,000	598,000	528,000		
Increase related to prior periods	Increase related to prior periods	51,000	153,000	338,000		
Expiration of statute of limitations	Expiration of statute of limitations	(1,406,000)	(83,000)	(48,000)		

Decrease related to prior periods	Decrease related to prior periods	(45,000)	(2,000)	(79,000)
Balance at end of period	Balance at end of period	\$8,956,000	9,675,000	9,009,000

Our U.S. federal income tax returns for fiscal 2020 2021 through 2022 2023 are subject to potential future Internal Revenue Service ("IRS") audit. None of our state income tax returns prior to fiscal 2019 2020 are subject to audit. Future tax assessments or settlements could have a material adverse effect on our consolidated results of operations and financial condition.

F - 35

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(10) 11) Stock-Based Compensation

Overview

In December 2023, our stockholders approved the Comtech Telecommunications Corp. 2023 Equity and Incentive Plan (the "2023 Plan"). The 2023 Plan replaced the Comtech Telecommunications Corp. Amended and Restated 2000 Stock Incentive Plan (the "Prior Plan" and collectively, the "Plans"). Under the 2023 Plan, the number of shares of common stock initially available for all awards, other than substitute awards granted in connection with a corporate transaction, will be (i) 1,600,000 shares plus (ii) 69,683 shares of common stock that were available for awards under the Prior Plan, as of the effective date of the 2023 Plan and (iii) certain expired or cancelled awards recycled back into the 2023 Plan.

We issue stock-based awards to certain of our employees and our Board of Directors pursuant to our 2000 Stock Incentive 2023 Plan, as amended and/or restated from time to time (the "Plan") and our 2001 Employee Stock Purchase Plan, as amended and/or restated from time to time (the "ESPP"), and recognize related stock-based compensation in our consolidated financial statements. The 2023 Plan provides for the granting to employees and consultants of Comtech (including prospective employees and consultants): (i) incentive and non-qualified stock options, (ii) restricted stock units ("RSUs"), (iii) RSUs with performance measures (which we refer to as "performance shares"), (iv) restricted stock, (v) stock units (reserved for issuance to non-employee directors) and share units (reserved for issuance to employees) (collectively, "share units") and (vi) stock appreciation rights ("SARs"), among other types of awards. Our non-employee directors are eligible to receive non-discretionary grants of stock-based awards, subject to certain limitations.

F - 28

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

As of July 31, 2023 July 31, 2024, the aggregate number of shares of common stock which may be issued, pursuant to the Plan, may not exceed 11,962,500 13,562,500. Stock options granted may not have a term exceeding ten years or, in the case of an incentive stock award granted to a stockholder who owns stock representing more than 10.0% of the voting power, no more than five years. We expect to settle all outstanding awards under the Plan and employee purchases under the ESPP with the issuance of new shares of our common stock.

As of July 31, 2023 July 31, 2024, we had granted stock-based awards pursuant to the Plan representing the right to purchase and/or acquire an aggregate of 10,600,865 11,468,463 shares (net of 5,815,202 6,679,364 expired and canceled awards), of which an aggregate of 8,484,125 9,526,985 have been exercised or settled.

As of July 31, 2023 July 31, 2024, the following stock-based awards, by award type, were outstanding:

	July 31, 2023 2024
Stock options	240,510 141,190
Performance shares	666,324 380,680
RSUs, restricted stock, share units and other stock-based awards	1,209,906 1,419,608
Total	2,116,740 1,941,478

Our ESPP provides for the issuance of up to 1,300,000 shares of our common stock. Our ESPP is intended to provide our eligible employees the opportunity to acquire our common stock at 85% of fair market value on the first or last day of each calendar quarter, whichever is lower. Through **July 31, 2023** **July 31, 2024**, we have cumulatively issued **998,526** **1,051,110** shares of our common stock to participating employees in connection with our ESPP.

F - 36

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Stock-based compensation for awards issued is reflected in the following line items in our Consolidated Statements of Operations:

		Fiscal Years Ended July 31,			Fiscal Years Ended July 31,		
		2023	2022	2021	2024	2023	2022
Cost of sales	Cost of sales	\$ 1,110,000	692,000	929,000			
Selling, general and administrative expenses	Selling, general and administrative expenses	7,960,000	6,312,000	8,091,000			
Research and development expenses	Research and development expenses	1,037,000	763,000	963,000			
Stock-based compensation expense before CEO transition costs	Stock-based compensation expense before CEO transition costs	10,107,000	7,767,000	9,983,000			
CEO transition costs related to equity-classified stock-based awards	CEO transition costs related to equity-classified stock-based awards	3,764,000	7,388,000	—			
Total stock-based compensation expense before income tax benefit	Total stock-based compensation expense before income tax benefit	13,871,000	15,155,000	9,983,000			
Estimated income tax benefit	Estimated income tax benefit	(2,552,000)	(2,260,000)	(2,164,000)			
Net stock-based compensation expense	Net stock-based compensation expense	\$11,319,000	12,895,000	7,819,000			

Stock-based compensation for equity-classified awards is measured at the date of grant, based on an estimate of the fair value of the award and is generally expensed over the vesting period of the award. At **July 31, 2023** **July 31, 2024**, unrecognized stock-based compensation of **\$7,812,000**, **\$6,183,000**, net of estimated forfeitures of **\$530,000**, **\$687,000**, is expected to be recognized over a weighted average period of **2.31.9** years. Total stock-based compensation capitalized and included in ending inventory at **July 31, 2023** both **July 31, 2024** and **2022** **2023** was **\$198,000** and **\$48,000**, respectively. **\$198,000**. There are no liability-classified stock-based awards outstanding as of **July 31, 2023** **July 31, 2024** or **2022** **2023**.

Selling, general and administrative expenses included in the table above, for fiscal 2022, includes \$827,000 of amortization of stock-based compensation related to three, long-standing members of our Board of Directors who retired in December 2021.

F - 29

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Stock-based compensation expense, by award type, is summarized as follows:

		Fiscal Years Ended July 31,					
		2023	2022	2021			
		Fiscal Years Ended July 31,			Fiscal Years Ended July 31,		
		2024	2024	2023	2024	2023	2022
Stock options	Stock options	\$ 87,000	519,000	370,000			
Performance shares	Performance shares	973,000	1,136,000	1,345,000			
RSUs, restricted stock, share units and other stock-based awards	RSUs, restricted stock, share units and other stock-based awards	8,926,000	5,912,000	8,060,000			
ESPP	ESPP	121,000	200,000	208,000			
Stock based compensation expense		10,107,000	7,767,000	9,983,000			
Stock based compensation expense before CEO transition costs							
CEO transition costs related to equity-classified stock-based awards	CEO transition costs related to equity-classified stock-based awards	3,764,000	7,388,000	—			
Total stock-based compensation expense before income tax benefit	Total stock-based compensation expense before income tax benefit	13,871,000	15,155,000	9,983,000			
Estimated income tax benefit	Estimated income tax benefit	(2,552,000)	(2,260,000)	(2,164,000)			
Net stock-based compensation expense	Net stock-based compensation expense	\$ 11,319,000	12,895,000	7,819,000			

In connection with the March 12, 2024 termination of our former CEO for cause, a combined total of 581,021 performance shares and RSUs were cancelled.

ESPP stock-based compensation expense primarily relates to the 15% discount offered to participants in the ESPP.

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

The estimated income tax benefit as shown in the above table was computed using income tax rates expected to apply when the awards are settled. Such deferred tax asset was recorded net as part of our non-current deferred tax liability on our Consolidated Balance Sheet as of **July 31, 2023** **July 31, 2024** and **2022**. The actual income tax benefit recognized for tax reporting is based on the fair market value of our common stock at the time of settlement and can significantly differ from the estimated income tax benefit recorded for financial reporting.

Stock Options

The following table summarizes the Plan's activity:

		Weighted Average Awards (in Shares)	Weighted Average Exercise Price	Remaining Contractual Term (Years)	Remaining Intrinsic Value	Weighted Average Awards (in Shares)	Weighted Average Exercise Price	Remaining Contractual Term (Years)	Weighted Average Aggregate Intrinsic Value
Outstanding at July 31, 2020		1,422,025	\$ 26.17						
Expired/ canceled		(348,590)	27.44						
Outstanding at July 31, 2021	Outstanding at July 31, 2021	1,073,435	25.76			Outstanding at July 31, 2021	1,073,435	\$ 25.76	
Expired/ canceled	Expired/ canceled	(588,735)	26.86			Expired/ canceled	(588,735)	26.86	
Exercised	Exercised	(1,220)	17.88						
Outstanding at July 31, 2022	Outstanding at July 31, 2022	483,480	24.43						
Outstanding at July 31, 2022									
Outstanding at July 31, 2022									
Expired/ canceled									
Expired/ canceled									
Expired/ canceled	Expired/ canceled	(242,970)	24.89						
Outstanding at July 31, 2023	Outstanding at July 31, 2023	240,510	\$ 23.96	3.97	\$ —				
Exercisable at July 31, 2023		211,870	\$ 24.78	3.63	\$ —				
Outstanding at July 31, 2023									
Vested and expected to vest at July 31, 2023		238,868	\$ 24.00	3.96	\$ —				
Outstanding at July 31, 2023									
Expired/ canceled									
Expired/ canceled									
Outstanding at July 31, 2024									
Outstanding at July 31, 2024									
Outstanding at July 31, 2024									
Exercisable at July 31, 2024									
Exercisable at July 31, 2024									
Exercisable at July 31, 2024									
Vested and expected to vest at July 31, 2024									
Vested and expected to vest at July 31, 2024									
Vested and expected to vest at July 31, 2024									

Stock options outstanding as of **July 31, 2023** **July 31, 2024** have exercise prices ranging from \$17.88 - \$33.94, \$28.35, representing the fair market value of our common stock on the date of grant, a contractual term of ten years and a vesting period of five years. The total intrinsic value relating to stock options exercised during the fiscal year ended July 31 2022 was \$7,000. There were no stock options exercised during the fiscal years ended **July 31, 2023** **July 31, 2024** and **2021** **2023**.

Notes to Consolidated Financial Statements, Continued

During fiscal 2022, at the election of certain holders of vested stock options, 1,220 stock options were net settled upon exercise. As a result, 220 shares of our common stock were issued during the fiscal year ended July 31, 2022, net of shares retained to satisfy the exercise price and minimum statutory tax withholding requirements.

There were no stock options granted during fiscal years ended **July 31, 2023** **July 31, 2024**, **2022** **2023** or **2021**, **2022**.

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Performance Shares, RSUs, Restricted Stock, Share Unit Awards and Other Stock-based Awards

The following table summarizes the Plan's activity relating to performance shares, RSUs, restricted stock, share units and other stock-based awards:

		Weighted Average Grant Date Fair Value		Awards (in Shares)	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding at July 31, 2020		999,574	\$ 21.15			
Outstanding at July 31, 2021						
Granted						
Granted	Granted	644,272	19.06			
Settled	Settled	(455,564)	17.09			
Settled						
Settled						
Canceled/Forfeited	Canceled/Forfeited	(119,912)	18.42			
Outstanding at July 31, 2021		1,068,370	21.93			
Canceled/Forfeited						
Canceled/Forfeited						
Outstanding at July 31, 2022						
Outstanding at July 31, 2022						
Outstanding at July 31, 2022						
Granted	Granted	797,771	18.77			
Settled	Settled	(641,747)	22.83			
Settled						
Settled						
Canceled/Forfeited	Canceled/Forfeited	(113,644)	22.78			
Outstanding at July 31, 2022		1,110,750	19.05			
Canceled/Forfeited						
Canceled/Forfeited						
Outstanding at July 31, 2023						
Outstanding at July 31, 2023						
Outstanding at July 31, 2023						
Granted	Granted					
Granted						

Granted	Granted	1,550,951	10.79
Settled	Settled	(632,267)	16.69
Settled			
Settled			
Canceled/Forfeited	Canceled/Forfeited	(153,204)	16.67
Outstanding at July 31, 2023		1,876,230	\$ 13.21
Canceled/Forfeited			
Canceled/Forfeited			
Outstanding at July 31, 2024			
Outstanding at July 31, 2024			
Outstanding at July 31, 2024			
Vested at July 31, 2023		847,243	\$ 13.53
Vested at July 31, 2024			
Vested at July 31, 2024			
Vested at July 31, 2024			
Vested and expected to vest at July 31, 2023		1,836,835	\$ 13.21
Vested and expected to vest at July 31, 2024			
Vested and expected to vest at July 31, 2024			
Vested and expected to vest at July 31, 2024			

The total intrinsic value relating to fully-vested awards settled during the fiscal years ended **July 31, 2023** **July 31, 2024, 2023 and 2022** was **\$7,844,000, \$6,782,000** and **2021** was **\$6,782,000, \$12,560,000, and \$9,878,000**, respectively.

The performance shares granted to employees principally vest over a three-year performance period, if pre-established performance goals are attained, or as specified pursuant to the Plan and related agreements. As of **July 31, 2023** **July 31, 2024**, the number of outstanding performance shares included in the above table, and the related compensation expense prior to consideration of estimated pre-vesting forfeitures, assume achievement of the pre-established goals at a target level, except for **two** of our former CEO's, whose achievement was based on maximum performance pursuant to their pre-existing change-in-control agreements.

RSUs and restricted stock granted to non-employee directors prior to August 2022 had a vesting period of five years and **are** **were** convertible into shares of our common stock generally at the time of termination, on a one-for-one basis for no cash consideration, or earlier under certain circumstances. Commencing in August 2022, such awards have a vesting period of one year. **Also, restricted stock granted to our former non-executive Chairman of the Board of Directors, pursuant to his Senior Technology Advisor consulting agreement, vests 1/12 on the date of grant and in eleven equal monthly installments thereafter.**

RSUs granted to employees prior to August 2022 have a vesting period of five years and are convertible into shares of our common stock generally at the time of vesting, on a one-for-one basis for no cash consideration. Commencing in August 2022, such RSUs have a vesting period of three years.

F - 31

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Share units granted prior to July 31, 2017 were vested when issued and are convertible into shares of our common stock, generally at the time of termination, on a one-for-one basis for no cash consideration, or earlier under certain circumstances. Share units granted on or after July 31, 2017 were granted to certain employees in lieu of non-equity incentive compensation and are convertible into shares of our common stock on the one-year anniversary of the respective grant date. **In July 2024 and 2023, we granted shares of our common stock to certain employees in lieu of non-equity incentive compensation.**

F - 39

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

On **July 27, 2023** **July 31, 2024**, 595,890 both fully vested share units and 479,257 other stock-based awards were granted to certain employees in lieu of fiscal **2023** **2024** non-equity incentive compensation. Also, on **July 31, 2023** **July 27, 2024**, 252,452 243,098 fully vested share units (previously granted in lieu of fiscal **2022** **2023** non-equity incentive compensation) were settled by delivery of **153,045** 158,941 shares of our common stock after reduction of share units retained to satisfy employees' statutory tax withholding requirements. Cumulatively, through **July 31, 2023** **July 31, 2024**, 1,482,324 2,147,701 share units and other stock-based awards granted have been settled.

The fair value of performance shares, RSUs, restricted stock, share units and other stock-based awards is determined using the closing market price of our common stock on the date of grant, less the present value of any estimated future dividend equivalents such awards are not entitled to receive and an applicable estimated discount for any post-vesting transfer restrictions. RSUs, performance shares and restricted stock are entitled to dividend equivalents, as applicable, unless forfeited before vesting occurs. Share units and other stock-based awards would be entitled to dividend equivalents while the underlying shares are unissued.

Dividend equivalents are subject to forfeiture, similar to the terms of the underlying stock-based awards, and are payable in cash generally at the time of settlement of the underlying award. During fiscal **2024**, we reversed \$107,000 of previously accrued dividend equivalents due to forfeitures and paid out \$268,000. During fiscal **2023** **2022** and **2021**, **2022**, we accrued \$315,000 \$389,000 and \$380,000 \$389,000, respectively, of dividend equivalents (net of forfeitures) and paid out \$366,000 \$531,000 and \$279,000, \$531,000, respectively. Accrued dividend equivalents were recorded as a reduction to retained earnings. As of **July 31, 2023** **July 31, 2024** and **2022**, **2023**, accrued dividend equivalents were \$316,000 and \$691,000, and \$742,000, respectively.

With respect to the actual settlement of stock-based awards for income tax reporting, during the fiscal years ended **July 31, 2023** **July 31, 2024**, **2023** and **2022**, we recorded an income tax expense of \$723,000, \$591,000 and \$924,000, respectively. During the fiscal year ended **July 31, 2021**, we recorded an income tax benefit of \$142,000.

Subsequent Events

In the first quarter of fiscal **2024**, **2025**, our Board of Directors authorized the issuance of stock-based awards with a total unrecognized compensation expense, net of estimated forfeitures, of approximately \$8,600,000. **\$6,700,000**.

(11) **(12)** Segment Information

Reportable operating segments are determined based on Comtech's management approach. The management approach, as defined by FASB ASC 280 "Segment Reporting" is based on the way that the CODM organizes the segments within an enterprise for making decisions about resources to be allocated and assessing their performance. Our CODM, for purposes of FASB ASC 280, is our Chief Executive Officer.

Satellite and Space Communications is organized into **is organized into** four technology areas: satellite modem **technologies** and amplifier technologies, troposcatter **technologies, government services** and **SATCOM** solutions, space **components and antennas**, and high-power amplifiers and switches **technologies**. **components**. This segment offers customers: satellite ground station technologies, services and system integration that facilitate the transmission of voice, video and data over GEO, MEO and LEO satellite constellations, including **solid-state** and traveling wave tube power amplifiers, modems, VSAT platforms and frequency converters; **satellite communications and tracking antenna systems**, including high precision full motion fixed and mobile X/Y tracking antennas, RF feeds, reflectors and radomes; over-the-horizon microwave **equipment** solutions that can transmit digitized voice, video, and data over distances up to 200 miles using the troposphere and **diffraction, diffraction**; professional engineering, training and field support services, including the Comtech COMET™; **solid-state, RF microwave high-power amplifiers and control components** **designed cybersecurity**, for **radar, electronic warfare, data link, medical and aviation applications**; **multiple U.S. government agencies**; and procurement and supply chain management of high reliability Electrical, Electronic and Electromechanical ("EEE") parts for satellite, launch vehicle and manned space applications.

F - 32

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Terrestrial and Wireless Networks is organized into three service areas: next generation 911 and call delivery, Solacom call handling solutions, and trusted location and messaging solutions. This segment offers customers: **Wireless/VoIP 911 location and routing services to connect emergency calls to Public Safety Answering Points ("PSAPs")**; **SMS text to 911 services**, providing alternate paths for individuals who need to request assistance (via text messaging) a method to reach **Public Safety Answering Points ("PSAPs")**; **PSAPs**; next generation 911 solutions, providing emergency call routing, location validation, policy-based routing rules, logging and security functionality; Emergency Services IP Network transport infrastructure for emergency services communications and support of next generation 911 services; call handling applications for PSAPs; wireless emergency alerts solutions for network operators; and software and equipment for location-based and text messaging services for various applications, including for public safety, commercial and government services.

F - 40

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Our CODM primarily uses a metric that we refer to as Adjusted EBITDA to measure an operating segment's performance and to make decisions about resources to be allocated. Our Adjusted EBITDA metric for the Satellite and Space Communications and Terrestrial and Wireless Networks segments do not consider **any** allocation of **any** **indirect expense**, **expenses that are unrelated to the segment's operations**, or any of the following: income taxes, interest, change in fair value of the convertible preferred stock purchase option liability, **change in fair value of warrants**, write-off of deferred financing costs, amortization of stock-based compensation, amortization of intangibles, depreciation expense, amortization of cost to fulfill assets, acquisition plan expenses, restructuring costs, COVID-19 related costs, strategic emerging technology costs (for next-generation satellite technology), facility exit costs, CEO transition costs, proxy solicitation costs, strategic alternatives expenses and other. These items, while periodically affecting our results, may vary significantly from period to period and may have a disproportionate effect in a given period, thereby affecting the comparability of results. Any amounts shown in the Adjusted EBITDA calculation for our Satellite and Space Communications and Terrestrial and Wireless Networks segments are directly attributable to those segments. Our Adjusted EBITDA is also used by our management in assessing the Company's operating results. Although closely aligned, the Company's definition of Adjusted EBITDA is different than the Consolidated EBITDA or EBITDA (as such term is terms are defined in our **Prior Credit Facility** and Credit Facility) utilized for financial covenant calculations and also may differ from the definition of EBITDA or Adjusted EBITDA used by other companies and, therefore, may not be comparable to similarly titled measures used by other companies.

Operating segment information, along with a reconciliation of segment net income (loss) and consolidated net income (**loss**) to Adjusted EBITDA is presented in the tables below:

		Fiscal Year Ended July 31, 2023				Fiscal Year Ended July 31, 2024			
		Satellite and Space Communications	Terrestrial and Wireless Networks	Unallocated	Total	Satellite and Space Communications	Terrestrial and Wireless Networks	Unallocated	Total
Net sales	Net sales	\$ 337,756,000	212,238,000	—	\$549,994,000				
Operating income (loss)		\$ 15,041,000	12,323,000	(42,024,000)	\$ (14,660,000)				
Operating (loss) income									
Net income (loss)		\$ 15,539,000	12,297,000	(54,735,000)	\$ (26,899,000)				
Benefit from income taxes		(1,724,000)	(193,000)	(2,031,000)	(3,948,000)				
Net (loss) income									
Net (loss) income									
Net (loss) income									
Provision for (benefit from) income taxes									
Interest expense	Interest expense	2,000	—	14,959,000	14,961,000				
Interest (income) and other	Interest (income) and other	1,224,000	219,000	(217,000)	1,226,000				
Write-off of deferred financing costs									
Change in fair value of warrants and derivatives									
Amortization of stock- based compensation	Amortization of stock- based compensation	—	—	10,107,000	10,107,000				
Amortization of intangibles	Amortization of intangibles	7,312,000	14,084,000	—	21,396,000				
Depreciation	Depreciation	4,121,000	7,637,000	164,000	11,922,000				

Impairment of long-lived assets, including goodwill						
Amortization of cost to fulfill assets	Amortization of cost to fulfill assets	959,000	—	—	959,000	
CEO transition costs						
Restructuring costs	Restructuring costs	5,725,000	1,220,000	3,907,000	10,852,000	
Strategic emerging technology costs	Strategic emerging technology costs	3,833,000	—	—	3,833,000	
CEO transition costs		—	—	9,090,000	9,090,000	
Loss on business divestiture						
Adjusted EBITDA	Adjusted EBITDA	\$ 36,991,000	35,264,000	(18,756,000)	\$ 53,499,000	
Purchases of property, plant and equipment	Purchases of property, plant and equipment	\$ 7,244,000	10,075,000	992,000	\$ 18,311,000	
Purchases of property, plant and equipment						
Total assets at July 31, 2023		\$ 515,449,000	460,034,000	20,754,000	\$ 996,237,000	
Total assets at July 31, 2024						
Total assets at July 31, 2024						
Total assets at July 31, 2024						

F - 33 41

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

		Fiscal Year Ended July 31, 2022				Fiscal Year Ended July 31, 2023			
		Satellite and Terrestrial Space		Terrestrial and Wireless Networks		Satellite and Space Communications	Terrestrial and Wireless Networks		Unallocated
		Communications	Networks	Unallocated	Total		Communications	Networks	
Net sales	Net sales	\$ 279,678,000	206,561,000	—	\$ 486,239,000				
Operating (loss) income		\$ (5,671,000)	18,925,000	(47,006,000)	\$ (33,752,000)				
Operating income (loss)									
Net (loss) income		\$ (3,852,000)	18,796,000	(47,996,000)	\$ (33,052,000)				
(Benefit from) provision for income taxes		(1,120,000)	19,000	(2,922,000)	(4,023,000)				
Net income (loss)									
Net income (loss)									

Net income (loss)					
Benefit from income taxes					
Interest expense	Interest expense	98,000	—	4,933,000	5,031,000
Interest (income) and other	Interest (income) and other	(797,000)	110,000	(16,000)	(703,000)
Change in fair value of convertible preferred stock purchase option liability		—	—	(1,005,000)	(1,005,000)
Amortization of stock-based compensation					
Amortization of stock-based compensation					
Amortization of stock- based compensation	Amortization of stock- based compensation	—	—	7,767,000	7,767,000
Amortization of intangibles	Amortization of intangibles	7,312,000	14,084,000	—	21,396,000
Depreciation	Depreciation	4,049,000	6,069,000	196,000	10,314,000
Amortization of cost to fulfill assets	Amortization of cost to fulfill assets	469,000	—	—	469,000
Restructuring costs	Restructuring costs	5,666,000	—	299,000	5,965,000
COVID-19 related costs		1,105,000	—	—	1,105,000
Strategic emerging technology costs					
Strategic emerging technology costs					
Strategic emerging technology costs	Strategic emerging technology costs	1,197,000	—	—	1,197,000
CEO transition costs	CEO transition costs	—	—	13,554,000	13,554,000
Proxy solicitation costs		—	—	11,248,000	11,248,000
Adjusted EBITDA					
Adjusted EBITDA					
Adjusted EBITDA	Adjusted EBITDA	\$ 14,127,000	39,078,000	(13,942,000)	\$ 39,263,000
Purchases of property, plant and equipment	Purchases of property, plant and equipment	\$ 8,915,000	10,704,000	—	\$ 19,619,000
Purchases of property, plant and equipment					
Purchases of property, plant and equipment					
Total assets at July 31, 2022	\$ 487,235,000	461,443,000	25,619,000	\$ 974,297,000	
Total assets at July 31, 2023					
Total assets at July 31, 2023					
Total assets at July 31, 2023					

		Fiscal Year Ended July 31, 2021				Fiscal Year Ended July 31, 2022											
		Satellite and Space Communications		Terrestrial and Wireless Networks		Unallocated		Total		Satellite and Space Communications		Terrestrial and Wireless Networks		Unallocated		Total	
Net sales	Net sales	\$ 374,850,000	206,845,000	—	—	\$ 581,695,000											
Operating income (loss)		\$ 24,281,000	25,185,000	(117,764,000)	\$ (68,298,000)												
Operating (loss) income																	
Net income (loss)		\$ 24,357,000	24,396,000	(122,233,000)	\$ (73,480,000)												
Net (loss) income																	
Net (loss) income																	
(Benefit from) provision for income taxes	(Benefit from) provision for income taxes	(377,000)	795,000	(1,918,000)	(1,500,000)												
Interest expense	Interest expense	66,000	—	6,755,000	6,821,000												
Interest (income) and other	Interest (income) and other	235,000	(6,000)	(368,000)	(139,000)												
Change in fair value of convertible preferred stock purchase option liability																	
Amortization of stock-based compensation	Amortization of stock-based compensation	—	—	9,983,000	9,983,000												
Amortization of intangibles	Amortization of intangibles	5,695,000	15,325,000	—	21,020,000												
Depreciation	Depreciation	3,721,000	5,316,000	342,000	9,379,000												
Amortization of cost to fulfill assets																	
Restructuring costs	Restructuring costs	2,782,000	—	—	2,782,000												
COVID-19 related costs	COVID-19 related costs	1,046,000	—	—	\$ 1,046,000												
Strategic emerging technology costs	Strategic emerging technology costs	315,000	—	—	\$ 315,000												
Acquisition plan expenses		—	(1,052,000)	101,344,000	100,292,000												
CEO transition costs																	
Proxy solicitation costs																	
Adjusted EBITDA	Adjusted EBITDA	\$ 37,840,000	44,774,000	(6,095,000)	\$ 76,519,000												

Purchases of property, plant and equipment	\$ 8,456,000	7,498,000	83,000	\$ 16,037,000
Long-lived assets acquired in connection with acquisitions				
	\$ 47,958,000	—	—	\$ 47,958,000
Total assets at July 31, 2021	\$ 507,981,000	462,877,000	22,253,000	\$ 993,111,000
Purchases of property, plant and equipment				
Purchases of property, plant and equipment				
Total assets at July 31, 2022				
Total assets at July 31, 2022				
Total assets at July 31, 2022				

F - 3442

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Unallocated expenses result from corporate expenses such as executive compensation, accounting, legal and other regulatory compliance related costs and also includes all of our amortization of stock-based compensation. See Note (2) - "CEO Transition Costs and Related" for information related to such costs. During fiscal 2023, 2024, our Unallocated segment incurred \$8,043,000 of restructuring costs focused on: (i) streamlining our operations and supply chain, (ii) legal and other expenses primarily related to divestiture activities, and (iii) efforts to refinance our Prior Credit Facility and improve liquidity. During fiscal 2023, we incurred \$3,907,000 of restructuring costs focused on streamlining our operations. During fiscal 2022, we incurred \$11,248,000 of proxy solicitation costs (including legal and advisory fees and costs associated with a related lawsuit) as a result of a now-settled proxy contest and expensed \$13,554,000 of transition costs related to the former CEO, Fred Kornberg. During fiscal 2021, we recorded \$100,292,000 of acquisition plan expenses, most of which were recorded in our unallocated expenses and related to the previously announced litigation and merger termination with Gilat Satellite Networks, Ltd. ("Gilat"), costs associated with the settlement of litigation associated with the 2019 acquisition of GD NG-911 and our acquisition of UHP Networks Inc.

During fiscal 2024, 2023, 2022 and 2021, our Satellite and Space Communications segment recorded \$3,822,000, \$5,725,000, \$5,666,000 and \$2,782,000, \$5,666,000, respectively, of restructuring costs primarily incurred to streamline our operations and improve efficiency, including costs related to the relocation of certain of our satellite ground station production facilities to our new 146,000 square foot facility in Chandler, Arizona. In addition, during fiscal 2024, 2023, 2022 and 2021, we incurred \$4,110,000, \$3,833,000, \$1,197,000 and \$315,000, \$1,197,000, respectively, of strategic emerging technology costs for next-generation satellite technology to advance our solutions offerings to be used with new broadband satellite constellations. Furthermore, during fiscal 2022, and 2021, this segment recorded \$1,105,000 and \$1,046,000, respectively of incremental operating costs related to our antenna facility located in the United Kingdom due to the impact of the COVID-19 pandemic. There were no similar incremental operating costs recorded in fiscal 2024 or 2023.

Interest expense in the tables above primarily relates to our Credit Facility, and includes the amortization of deferred financing costs. See Note (7)(8) - "Credit Facility" for further discussion. In addition, interest expense for fiscal 2021 includes \$1,178,000 of incremental interest expense related to a now terminated financing commitment letter related to the previously announced litigation and merger termination with Gilat.

Intersegment sales in fiscal 2024, 2023, 2022 and 2021 between the Satellite and Space Communications segment and the Terrestrial and Wireless Networks segment were nominal. All intersegment sales are eliminated in consolidation and are excluded from the tables above.

Unallocated assets at July 31, 2023, July 31, 2024 consist principally of cash and cash equivalents, income taxes receivable, corporate property, plant and equipment and deferred financing costs. The large majority of our long-lived assets are located in the U.S.

(12) (13) Commitments and Contingencies

(a) Legal Proceedings and Other Matters

Settled Litigation Related to the Convertible Preferred Stock Issuance

In October 2021, Anthony Franchi (the "Plaintiff") brought a putative class action in the Court of Chancery of the State of Delaware against the Company's current directors, the Company, White Hat Capital Partners LP ("White Hat") and Magnetar Capital LLC ("Magnetar"), which was fully resolved by the parties and the case dismissed by court order on May 3, 2022. The ultimate resolution of this matter did not result in a material adverse effect on our consolidated results of operations and financial condition.

Other Matters

In the ordinary course of business, we include indemnification provisions in certain of our customer contracts to indemnify, hold harmless and reimburse such customers for certain losses, including but not limited to losses related to third-party claims of intellectual property infringement arising from the customer's use of our products or services. We may also, from time to time, receive indemnification requests from customers related to third-party claims that 911 calls were improperly routed during an emergency. We evaluate such claims as and when they arise. We do not always agree with customers that they are entitled to indemnification and in such cases reject their claims. Despite maintaining that we have properly carried out our duties, we may seek coverage under our various insurance policies; however, we cannot be sure that we will be able to maintain or obtain insurance coverage at acceptable costs or in sufficient amounts or that our insurer will not disclaim coverage as to such claims. Accordingly, pending or future claims asserted against us by a party that we **agree** are **obligated** to indemnify could result in legal costs and damages that could have a material adverse effect on our consolidated results of operations and financial condition.

F - 35

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

There are certain other pending and threatened legal actions which arise in the normal course of business. business, in addition to certain matters related to the termination of our former CEO for cause in March 2024. Although the ultimate outcome of litigation these matters is difficult to accurately predict, we believe that the outcome of these other pending and threatened actions matters will not have a material adverse effect on our consolidated financial condition or results of operations.

F - 43

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(b) Employment Change of Control and Indemnification Agreements

As of July 31, 2023, we had an employment agreement with Ken Peterman, our former Chairman of the Board, President and CEO, which was entered into on August 9, 2022. The employment agreement generally provided for an annual salary, bonus award, sign-on bonus, equity incentive awards and, under certain termination of employment, severance payment. On March 12, 2024, we announced the termination of Mr. Peterman for cause and upon termination of his employment, Mr. Peterman was deemed to have resigned from his position as Chairman of the Board of Directors and as a director pursuant to his employment contract.

As of July 31, 2022, we had an employment agreement with Michael Porcelain, our former President and CEO. The employment agreement generally provided for an annual salary and bonus award. On August 10, 2022, we announced the mutually agreed separation between the Company and Mr. Porcelain as President and CEO and member of the Board of Directors. The Company entered into a separation agreement with Mr. Porcelain.

On August 9, 2022, our Board Fiscal 2024 transition costs of Directors appointed our Chairman \$2,916,000 primarily consisted of the Board, Ken Peterman, as President and CEO, and the Company entered an employment agreement legal expenses associated with Mr. Peterman generally providing for an annual salary, bonus award, sign-on bonus, equity incentive awards and, under certain the termination of employment, severance payment.

Transition Mr. Peterman. In fiscal 2023 transition costs related to Mr. Porcelain, pursuant to his separation agreement with the Company, were approximately \$7,424,000, of which \$3,764,000 related to the acceleration of unamortized stock-based compensation, with the remaining \$3,660,000 related to his severance payments and benefits upon termination of employment. The cash portion of the transition costs of \$3,660,000 was paid to Mr. Porcelain in October 2022. Also in fiscal 2023, in connection with Mr. Peterman entering into an employment agreement with the Company, effective as of August 9, 2022, we incurred a \$1,000,000 expense related to a cash sign-on bonus. CEO transition costs related to Mr. Porcelain and Mr. Peterman were expensed in our Unallocated segment during fiscal 2023, segment.

We have also entered into employment and/or change of control agreements with certain of our executive officers and certain key employees. All of these agreements may require payments by us, in certain circumstances, including, but not limited to, a change in control of our the Company or termination of the employee.

(13) (14) Long-lived Assets, including Goodwill

The following table represents goodwill by reportable operating segment including as of July 31, 2024 and July 31, 2023:

	Satellite and Space Communications	Terrestrial and Wireless Networks	Total
Balance as of July 31, 2023	\$ 173,602,000	174,090,000	\$ 347,692,000
PST Divestiture	(14,587,000)	—	(14,587,000)
Goodwill impairment	(48,925,000)	—	(48,925,000)
Balance as of July 31, 2024	<u>\$ 110,090,000</u>	<u>174,090,000</u>	<u>\$ 284,180,000</u>

During the changes first quarter of fiscal 2024, we determined that the PST Disposal Group met the criteria to be classified as held for sale. Because the PST Disposal Group represented the disposal of a portion of the Satellite and Space Communications reporting unit, we assigned \$14,587,000 of goodwill to the PST Disposal Group on a relative fair value basis. For purposes of allocating goodwill to the PST Disposal Group, we determined the fair value of the PST Disposal Group (based on consideration received from the sale transaction) and the fair value of the retained businesses of the Satellite and Space Communications reporting unit (based on a combination of the income and market approach). In conjunction with the relative fair value allocation, we tested goodwill assigned to the PST Disposal Group and retained businesses of the Satellite and Space Communications reporting unit for impairment and concluded that no impairment existed at the time the held for sale criteria were met. As discussed further in Note (3) - "Business Divestiture," we completed the PST Divestiture in the net carrying value second quarter of fiscal 2024 and reduced goodwill by \$14,587,000 as part of July 31, 2023 and July 31, 2022:

	Satellite and Space Communications	Terrestrial and Wireless Networks	Total
Goodwill	\$ 173,602,000	174,090,000	\$ 347,692,000

determining the loss on business divestiture.

In accordance with FASB ASC 350, we perform a goodwill impairment analysis at least annually (in the first quarter of each fiscal year), unless indicators of impairment exist in interim periods. If we fail the quantitative assessment of goodwill impairment ("quantitative assessment"), we would be required to recognize an impairment loss equal to the amount that a reporting unit's carrying value exceeded its fair value; however, any loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

On August 1, 2023 (the first day

F - 44

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

During the fourth quarter of fiscal 2024, we year 2024, our lower than expected financial performance, default on certain credit facility covenants and the sustained decrease in stock price since August 1, 2023 were considered triggering events which required a quantitative impairment test as of July 31, 2024. We performed our annual a quantitative assessment using market participant assumptions to determine if the fair value of each of our reporting units with goodwill exceeded its carrying value. In making this assessment, we considered, among other things, expectations of projected net sales and cash flows, assumptions impacting the weighted average cost of capital, trends in trading multiples of comparable companies, changes in our stock price and changes in the carrying values of our reporting units with goodwill. We also considered overall business conditions.

F - 36

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

In performing the quantitative assessment, we estimated the fair value of each of our reporting units using a combination of the income and market approaches. The income approach, also known as the discounted cash flow ("DCF") method, utilizes the present value of cash flows to estimate fair value. The future cash flows for our reporting units were projected based on our estimates, at that time, of future revenues, operating income and other factors (such as working capital and capital expenditures). For purposes of conducting our impairment analysis, we assumed revenue growth rates and cash flow projections that are below our actual long-term expectations. The discount rates used in our DCF method were based on a weighted-average cost of capital ("WACC") determined from relevant market comparisons, adjusted upward for specific reporting unit risks (primarily the uncertainty of achieving projected operating cash flows). A terminal value growth rate was applied to the final year of the projected period, which reflects our estimate of stable, perpetual growth. We then calculated a present value of the respective cash flows for each reporting unit to arrive at an estimate of fair value under the income approach. Under the market approach, we estimated a fair value based on comparable companies' market multiples of revenues and earnings before interest, taxes, depreciation and amortization and factored in a control premium. Finally, we compared our estimates of fair values to our total public market capitalization and assessed implied control premiums based on our common stock price of \$10.09 \$3.17 as of the date of testing.

Ultimately, based on our quantitative evaluation, we determined that the carrying value of our Satellite and Space Communications reporting unit exceeded its fair value and recognized a goodwill impairment loss of \$48,925,000 in fiscal 2024 in our Consolidated Statements of Operations. We also determined that our Terrestrial and Wireless Networks reporting units unit had an estimated fair values value in excess of their carrying values value of at least 18.3% and 8.9%, respectively, 24.7% and concluded that our goodwill for this reporting unit was not impaired and that neither of our two reporting units was at risk of failing the quantitative assessment impaired.

It In connection with our decision in July 2024 to exit our subsidiary operations in Basingstoke, United Kingdom, such operations became a separate asset group (the "U.K. Asset Group") and we assessed the recoverability of the carrying value of the U.K. Asset Group under the accounting standards for assets held and used as of July 31, 2024. The undiscounted future cash flows to complete the exit of our Basingstoke operations indicated that the carrying amount of the asset group is possible that, during not recoverable. The fair value of the U.K. Asset Group was estimated using an income approach and was lower than the U.K. Asset Group's carrying amount. As a result, we recorded a long-lived asset impairment charge of \$15,600,000 within the Satellite and Space Communications segment in our fiscal 2024 Consolidated Statements of Operations. We allocated \$9,925,000 of this impairment to the carrying value of Intangibles with Finite Lives, net, \$2,651,000 to Property, Plant & Equipment, net, \$1,873,000 to Other Assets, net and \$1,151,000 to Operating Lease Right-of-Use Assets, net.

In addition, as disclosed in Note (1) *Summary of Significant Accounting and Reporting Policies, Liquidity and Going Concern*, the Credit Facility was amended on October 17, 2024 to waive certain defaults or beyond, business conditions (both events of default, including in connection with our Net Leverage Ratio and a Fixed Charge Coverage Ratio covenants as of July 31, 2024. Although we have cured our defaults under the U.S. and internationally) could deteriorate from the current state, Credit Facility, a sustained significant decline in our current actual operating performance, as compared to our forecast, and/or prospective customers could materially postpone, reduce or even forgo purchases of our products and services to a greater extent than we currently anticipate, or continued sustained decline in our common stock price, could fluctuate.

A significant decline in our customers' spending that is greater than we anticipate or a shift in funding priorities may also have a negative effect on future orders, sales, income and cash flows and we might be required to perform another interim quantitative assessment during fiscal 2024 or beyond. If assumed net sales and cash flow projections are not achieved, impairment test, which may result in future periods or our common stock price significantly declines from current levels, our Satellite and Space Communications and Terrestrial and Wireless Networks reporting units could be at risk of failing the quantitative assessment and goodwill assigned to the respective both of our reporting units by an amount that could be impaired. material if we conclude our forecasted operating results will be adversely impacted for the foreseeable future.

F - 45

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

In any event, we are required to perform the next annual goodwill impairment analysis on August 1, 2024 August 1, 2025 (the start of our fiscal 2025 2026). If our assumptions and related estimates change in the future, or if we change our reporting unit structure or other events and circumstances change (e.g., a sustained decrease in the price of our common stock (considered on both absolute terms and relative to peers)), we may be required to record impairment charges when we perform these tests, or in other future periods. Any impairment charges that we may record in the future could be material to our results of operations and financial condition.

F - 37

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(14) (15) Intangible Assets

Intangible assets with finite lives as of July 31, 2023 July 31, 2024 and 2022 2023 are as follows:

		July 31, 2023				July 31, 2024			
Customer relationships	Customer relationships	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
		Period	Amount	Amortization	Amount	Period	Amount	Amortization	Amount
Customer relationships	Customer relationships	20.2	\$302,058,000	121,786,000	\$180,272,000				
Technologies	Technologies	14.8	114,949,000	80,672,000	34,277,000				
Trademarks and other	Trademarks and other	16.7	32,926,000	21,568,000	11,358,000				
Total	Total		\$449,933,000	224,026,000	\$225,907,000				

		July 31, 2022				July 31, 2023			
Customer relationships	Customer relationships	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
		Period	Amount	Amortization	Amount	Period	Amount	Amortization	Amount
Customer relationships	Customer relationships	20.2	\$302,058,000	107,500,000	\$194,558,000				
Technologies	Technologies	14.8	114,949,000	75,798,000	39,151,000				

Trademarks and other	Trademarks and other	16.7	32,926,000	19,332,000	13,594,000
Total	Total		\$449,933,000	202,630,000	\$247,303,000

The weighted average amortization period in the above table excludes fully amortized intangible assets.

Amortization expense for the fiscal years ended **July 31, 2023** **July 31, 2024**, **2023** and **2022** and **2021** was **\$21,396,000**, **\$21,154,000**, **\$21,396,000** and **\$21,020,000**, **\$21,396,000**, respectively.

The estimated amortization expense consists of the following for the fiscal years ending July 31:

2024	\$	21,154,000
2025		21,039,000
2026		19,888,000
2027		18,534,000
2028		18,534,000
2029		

F - 46

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

We review net intangible assets with finite lives for impairment when an event occurs indicating the potential for impairment. Based on our last assessment, we performed an impairment assessment of our Satellite and Space Communications segment's long-lived assets in response to triggering events indicating potential impairment, namely the overall decline in financial performance of the segment and the Company's decision to either complete a sale or wind-down our steerable antenna operations in the United Kingdom by the end of the first quarter of fiscal 2025. As such, we recognized an impairment loss of \$9,925,000, related to net intangible assets with definite lives, which is included within intangible asset accumulated amortization in the table above. See Note (1)(h) - "Summary of Significant Accounting and Reporting Policies, Long-Lived Assets" for more information. We believe that the carrying values of our remaining net intangible assets were recoverable as of **July 31, 2023** **July 31, 2024**. However, if business conditions deteriorate, we may be required to record impairment losses, and/or increase the amortization of intangibles in the future. Any impairment charges that we may record in the future could be material to our results of operations and financial condition.

(15) (16) Convertible Preferred Stock

On October 18, 2021, we entered into a Subscription Agreement (the "Subscription Agreement") with certain affiliates and related funds of White Hat Capital Partners LP and Magnetar Capital LLC (collectively, the "Investors"), relating to the issuance and sale of up to 125,000 shares of a new series of the Company's Series A Convertible Preferred Stock, par value \$0.10 per share (the "Convertible Series A Convertible Preferred Stock"), for an aggregate purchase price of up to \$125,000,000, or \$1,000 per share. On October 19, 2021 (the "Initial Closing Date"), pursuant to the terms of the Subscription Agreement, the Investors purchased an aggregate of 100,000 shares of Convertible Preferred Stock (the "Initial Issuance") for an aggregate purchase price of \$100,000,000. The Investors had a one-time option exercisable at any time on or prior to March 31, 2023 to purchase additional shares of Series A Convertible Preferred Stock for an aggregate purchase price of \$25,000,000. This \$100,000,000. White Hat Capital Partners LP is affiliated with Mark Quinlan, who serves as Chairman of our Board of Directors.

On December 13, 2023, we and the Investors agreed to change certain terms of the Series A Convertible Preferred Stock, effected through an Exchange Agreement (the "Exchange Agreement"), pursuant to which the Investors exchanged (the "Series A Exchange") all 100,000 shares of Series A Convertible Preferred Stock outstanding for 100,000 shares of our newly issued Series A-1 Convertible Preferred Stock, par value \$0.10 per share (the "Series A-1 Convertible Preferred Stock"), with an initial liquidation preference of \$1,134.20 per share. As a result of the Series A Exchange, no shares of Series A Convertible Preferred Stock remain outstanding.

On January 22, 2024, we entered into a Subscription and Exchange Agreement (the "Subscription and Exchange Agreement") with the Investors, relating to: (i) the issuance and sale of 45,000 shares of Series B Convertible Preferred Stock, par value \$0.10 per share (the "Series B Convertible Preferred Stock"), for an aggregate purchase option, commonly referred price of \$45,000,000, or \$1,000 per share (the "Primary Issuance"), (ii) the exchange of 100,000 shares of our Series A-1 Convertible Preferred Stock for 115,721.22 shares of Series B Convertible Preferred Stock (the "Series B Exchange") and (iii) the issuance to as a "Green Shoe" expired unexercised. The Investors of 5,400 shares of Series B Convertible Preferred Stock in lieu of cash for certain expense reimbursements (the "Additional Issuance") and, together with the Initial Primary Issuance is collectively referred and the Series B Exchange, the "Series B Issuance"). As a result of the Series B Exchange, no shares of Series A-1 Convertible Preferred Stock remain outstanding. We received \$43,200,000 of cash proceeds from the Primary Issuance, net of \$1,800,000 for certain expense reimbursements.

On June 17, 2024, in connection with entering into the Credit Facility discussed in Note (8) - "Credit Facility," we and the Investors agreed to change certain terms of the Series B Convertible Preferred Stock. The changes altered the preferred holders' existing consent rights and existing put rights alongside payments upon a change of control following specified asset sales, in each case consistent with the Credit Facility. To effect these changes, we and the Investors entered into a Subscription and Exchange Agreement (the "Series B-1 Exchange"), pursuant to which the Investors: (i) exchanged, in a transaction exempt from registration under the Securities Act of

1933, all of the 166,121.22 shares of Series B Convertible Preferred Stock outstanding for 166,121.22 shares of our newly issued Series B-1 Convertible Preferred Stock, par value \$0.10 per share, with an initial liquidation preference of \$1,036.58 per share, and (ii) received 5,705.83 additional shares of Series B-1 Convertible Preferred Stock. Also, on June 17, 2024, we and the Investors entered into a Voting Agreement and Registration Rights Agreement and filed a Series B-1 Certificate of Designations with the Secretary of State of Delaware, complete copies of which are documented and filed with the SEC. Except for the changes described above, the powers, preferences and rights of the Series B-1 Convertible Preferred Stock are substantially the same as those of the Series B Convertible Preferred Stock, including, without limitation, that the shares of Series B-1 Convertible Preferred Stock are convertible into shares of common stock at a conversion price of \$7.99 per share (the same as the "Issuance."

current conversion price of the Series B Convertible

F - 3847

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

The adjusted conversion price for the shares issued in the Initial Issuance is \$23.97, Preferred Stock, and subject to certain adjustments set forth in the Certificate of Designations filed with same adjustments). We did not receive any cash proceeds from the Secretary of State of the State of Delaware, Series B-1 Exchange.

The Series B-1 Convertible Preferred Stock ranks senior to the shares of our common stock, with respect to the payment of dividends and the distribution of assets upon a liquidation, dissolution or winding up of the Company. The Series B-1 Convertible Preferred Stock initially had a has an initial liquidation preference of \$1,000 \$1,036.58 per share with each share entitled to a cumulative dividend (the "Dividend") at the rate of 6.5% 9.00% per annum, compounding quarterly, paid-in-kind, or 7.75% per annum, compounding quarterly, paid in cash, at our election, or 6.50% per annum, in respect of any shares of Series B-1 Convertible Preferred Stock that remain outstanding following the redemption of at least fifty percent (50%) of the Series B-1 Preferred Stock pursuant to the exercise of an asset sale put right and/or an asset sale call right as described below. For any quarter in which we elect not to pay the Dividend in cash, with respect to a share of Convertible Preferred Stock, such Dividend becomes part of the liquidation preference of such share, the Series B-1 Convertible Preferred Stock. In addition, no dividend or other distribution on our common stock in excess of our \$0.10 per share per quarter will be declared or paid on the our common stock unless, at the time of such declaration and payment, an equivalent dividend or distribution is declared and paid on the Series B-1 Convertible Preferred Stock (the "Participating Dividend"), provided that in the case of any such dividend in the form of cash, in lieu of a cash payment, such Participating Dividend will become part of the liquidation preference of the shares of the Series B-1 Convertible Preferred Stock. Such Participating Dividend results in the Series B-1 Convertible Preferred Stock meeting the definition of a "participating security" for purposes of our earnings per share calculations.

As The shares of October 12, 2023, the Series B-1 Convertible Preferred Stock is are convertible into shares of common stock at the option of the holders. holder thereof at any time. At any time after October 19, 2024 July 22, 2027, we have the right to mandate the conversion of the Series B-1 Convertible Preferred Stock, subject to certain restrictions based on the price of the our common stock in the preceding thirty (30) trading days. The conversion price for the Series B-1 Convertible Preferred Stock is \$7.99, subject to certain adjustments set forth in the certificate of designations governing the Series B-1 Convertible Preferred Stock (the "Series B-1 Certificate of Designations").

Holders of the Series B-1 Convertible Preferred Stock are entitled to vote with the holders of the our common stock on an as-converted basis, as well as and are entitled to a separate class vote with respect to, among other things, amendments to our organizational documents that have an adverse effect on the Series B-1 Convertible Preferred Stock, authorizations or issuances of securities of the Company (other than the issuance of up \$50,000,000 of shares of common stock), the payment of dividends, other than dividends on common stock in the ordinary course consistent with past practice on a quarterly basis in an amount not to exceed our current dividend rate of \$0.10 per share per quarter, related party transactions, repurchases or redemptions of securities of the Company, (other than the repurchase of up to \$25,000,000 of shares of common stock), dispositions of businesses or assets involving consideration having a fair value in excess of \$75,000,000, the incurrence of certain indebtedness and certain amendments or extensions of our Credit Facility on terms and conditions that, taken as a whole, (A) are materially different from the existing Credit Facility or (B) adversely affect our ability to perform our obligations in connection with an optional repurchase of the Series B-1 Convertible Preferred Stock, in each case, subject to the exceptions and qualifications set forth in the Series B-1 Certificate of Designations.

Holders will have the right to require the Company us to repurchase such holder's their Series B-1 Convertible Preferred Stock (at 1.0x the liquidation preference, plus accrued and unpaid dividends) on a date occurring either either: (a) on or after October 19, 2026 (the "Optional Repurchase Trigger Date") at a price equal to the liquidation preference October 31, 2028 or (b) in connection with a conversion upon the consummation of an asset sale meeting certain criteria. We have the right to repurchase all, or less than all, of the Series B-1 Convertible Preferred Stock pursuant to which upon the number consummation of shares an asset sale meeting the same criteria, other than an asset sale that would result in a change of common stock issuable upon such conversion would exceed 19.99% of the issued and outstanding shares of common stock as of October 18, 2021 (such excess shares, "Excess Conversion Shares"), at any time after the date that is 91 days after the maturity date of the Company's existing Credit Facility, at a price per share equal to the number of Excess Conversion Shares multiplied by the Last Reported Sales Price (as defined) of common stock on the applicable conversion date. control. In addition, each holder will have the right to cause the Company us to repurchase its shares of Series B-1 Convertible Preferred Stock in connection with a Change of Control, Ccontrol (as defined in the Series B-1 Certificate of Designations) at 1.5x (or 1.0x in the case of Series B-1 Convertible Preferred Stock issued in the Additional Issuance) the liquidation preference, plus accrued and unpaid dividends. Any repurchase described above would be subject to the terms set forth in the Series B-1 Certificate of Designations.

Upon a repurchase of the Series B-1 Convertible Preferred Stock occurring as a result of an asset sale described above, we will issue each respective holder a warrant (a "Warrant"). A Warrant will represent the right to acquire our common stock, as further described in the Subscription and Exchange Agreement, for a term of five years and six months from the issuance of such Warrant, at an initial exercise price equal to the liquidation preference.

conversion price on the date of issuance of such Warrant, subject to certain adjustments. We determined that our obligation to issue the Green Shoe at any time on or prior to March 31, 2023 a Warrant met the definition of a freestanding financial instrument that should be accounted for as a liability. As such, we established an initial convertible preferred stock purchase option Warrant liability of \$1,005,000 and reduced \$6,440,000, which was included in the proceeds from consideration given to the Initial Issuance by such amount. Investors for purposes of determining the loss on extinguishment of the Series A-1 Convertible Preferred Stock as of January 31, 2024. The liability was remeasured to its estimated fair value each reporting period until such instrument expired. Changes in its estimated fair value were recognized as a non-cash charge or benefit and presented on the consolidated statement of operations.

F - 39 48

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Warrant liability is classified in "Other Liabilities" on the Consolidated Balance Sheets and is remeasured to its estimated fair value each reporting period, using Level 3 fair value inputs, until the Warrant is exercised or expires. Changes in the estimated fair value of the Warrant will be recognized in our Consolidated Statement of Operations as a non-cash expense or benefit. As of July 31, 2024, the Warrant liability was remeasured, resulting in a \$5,730,000 reduction to its estimated fair value.

We accounted for the cancellation of our Series A-1 Convertible Preferred Stock and Series B Convertible Preferred Stock as extinguishments based on a qualitative assessment of the terms of the preferred shares exchanged. We recognized a \$19,555,000 loss on extinguishment, representing the aggregate value of the Warrant and additional issuances related to certain expense reimbursements. As the Series A-1 Convertible Preferred Stock and Series B Convertible Preferred Stock were each classified as temporary equity, the loss on extinguishment was accounted for as a dividend to the holders and charged against retained earnings, and included in net loss attributable to common shareholders.

In accordance with ASC 480, "Distinguishing Liabilities from Equity," specifically ASC 480-10-S99-3A(2), SEC Staff Announcement: Classification and Measurement of Redeemable Securities, we have classified the Series B-1 Convertible Preferred Stock outside of permanent equity as temporary equity since the redemption of such shares is not solely within our control and we could be required by the holder to redeem the shares for cash or other assets, at their option. Upon the Initial Issuance, we recorded Series B-1 Exchange, the initial redemption value (and estimated fair value) of the Series B-1 Convertible Preferred Stock net of issuance costs of \$4,007,000 and net of the portion of such proceeds allocated to the convertible preferred stock purchase option liability described above, which resulted in an initial carrying value of the Convertible Preferred Stock less than its initial redemption value of \$100,000,000 was \$178,112,000. We have elected to adjust the carrying value of the Series B-1 Convertible Preferred Stock to its current redemption value of \$112,211,000, \$180,076,000, which includes \$11,607,000 \$623,000 of cumulative dividends paid in kind paid-in-kind and \$604,000 \$1,341,000 of accumulated and unpaid dividends. As such, a total adjustment of \$7,007,000 During fiscal 2024, the adjustments charged against retained earnings to increase the carrying value of outstanding convertible preferred stock to their respective redemption values totaled \$15,900,000, of which \$12,390,000 related to the Series B and B-1 Convertible Preferred Stock was recorded against retained earnings during fiscal 2023, and \$3,510,000 related to the Series A and A-1 Convertible Preferred Stock (while outstanding).

Subsequent Event

On October 9, 2023 October 17, 2024, we received a non-binding term sheet from and the Investors proposing agreed to change certain terms of the Series B-1 Convertible Preferred Stock. The changes (i) altered the date on which preferred holders can opt to have us repurchase their Series B-2 Convertible Preferred Shares (as defined below) in certain circumstances, (ii) provided for increases to the dividend rate in certain circumstances and provided for an exchange option for the preferred holders to elect to receive dividends in cash (to the extent permitted by law), and (iii) clarified the preferred holders' existing consent rights, among other things.

To effect the changes described above, we and the Investors entered into a Subscription and Exchange Agreement, pursuant to which the Investors (i) exchanged (the "Series B-2 Exchange") all of their outstanding the 171,827.05 shares of Series A-B-1 Convertible Preferred Stock outstanding for a new series 171,827.05 shares of convertible preferred stock on amended terms our newly issued Series B-2 Convertible Preferred Stock, par value \$0.10 per share, with an initial liquidation preference of \$1,067.87 per share (the per share liquidation preference of the Series B-1 Convertible Preferred Stock as of the date of issuance), and (ii) purchase an received 3,436.53 additional amount shares of such new series Series B-2 Convertible Preferred Stock (collectively, the "Series B-2 Convertible Preferred Stock"). We did not receive any cash proceeds from the exchange and issuance of convertible preferred stock, on terms, conditions and assumptions described therein. No assurances can be given that Series B-2 Convertible Preferred Stock. As a transaction will be consummated and result of the Investors reserve the right to withdraw the proposal at any time. Series B-2 Exchange, no shares of Series B-1 Convertible Preferred Stock remain outstanding as of October 17, 2024.

(16) (17) Stockholders' Equity

Shelf Registration

On July 13, 2022, we filed a \$200,000,000 shelf registration statement with the SEC for the sale of various types of securities, including debt securities. This shelf registration statement was declared effective by the SEC as of July 25, 2022 and expires on July 25, 2025. To-date, we have not issued any securities pursuant to our \$200,000,000 shelf registration statement.

F - 49

Notes to Consolidated Financial Statements, Continued

Common Stock Repurchase Program

On September 29, 2020, our Board of Directors authorized a \$100,000,000 stock repurchase program, which replaced our prior program. The \$100,000,000 stock repurchase program has no time restrictions and repurchases may be made from time to time in open-market or privately negotiated transactions, or by other means in accordance with federal securities laws. There were no repurchases made during the fiscal years ended **July 31, 2023** **July 31, 2024** or **2022**.

Common Stock Dividends

On September 29, 2022 and December 8, 2022, our Board of Directors declared a dividend of \$0.10 per common share, which were paid on November 18, 2022 and February 17, 2023, respectively. During the third quarter of fiscal 2023, encouraged by the progress that we have made related to our One Comtech transformation, our launch of EVOKE and our emerging growth opportunities, as previously disclosed, our Board of Directors, together with management, adjusted the Company's capital allocation plans and determined to forgo a common stock dividend, thereby increasing our financial flexibility. Future common stock dividends, if any, remain subject to compliance with financial covenants under our Credit Facility, as well as Board approval and certain voting rights of holders of our Series A Convertible Preferred Stock. 2023.

(17) (18) Cost Reduction Activities

In fiscal 2023, we transformed and integrated our individual businesses into two segments to improve operational performance. This transformation has provided insight into opportunities to manage costs, streamline operations, improve efficiency, and accelerate decision-making by eliminating management layers and other redundancies. In doing so, during fiscal 2023, we recorded \$3,872,000 of severance costs in selling, general and administrative expenses in our Consolidated Statements of Operations, of which \$1,989,000, \$1,220,000 and \$663,000 related to our Satellite and Space Communications, Terrestrial and Wireless Networks and Unallocated segments, respectively. We paid \$2,320,000 of severance costs during fiscal 2023 and our severance liability as of July 31, 2023 was \$1,552,000. **Most**

In fiscal 2024, we continued to transform and integrate our businesses, and in July 2024 made a decision to exit our subsidiary operations in Basingstoke U.K. and recorded total severance costs of \$2,616,000 in selling, general and administrative expenses in our Consolidated Statements of Operations, of which a substantial portion was related to our Satellite and Space Communications segment. After net payments of \$3,139,000 during fiscal 2024, our severance liability as of July 31, 2024 was \$1,029,000.

(19) Subsequent EventSubordinated Credit Agreement

On October 17, 2024 (the "closing date"), we entered into a subordinated credit agreement with the existing holders of our convertible preferred stock and U.S. Bank Trust Company, National Association, as agent (the "Subordinated Credit Agreement") which provides a subordinated unsecured term loan facility in the aggregate principal amount of \$25,000,000 (the "Subordinated Credit Facility"). The proceeds of the remaining severance liability will be paid during Subordinated Credit Facility (i) cured our default on certain financial covenants under the **first** Amended Credit Agreement with respect to the fourth quarter of fiscal 2024. 2024, (ii) provide us with additional liquidity and (iii) will fund our general working capital needs, including support of our transformation initiatives.

The Subordinated Credit Facility is subject to a Make-Whole Amount with respect to certain repayments or prepayments. The Make-Whole Amount is an amount equal to (i) from the closing date through (but not including) the date that is nine months thereafter, \$25,000,000 multiplied by 33.0%, (ii) from the date that is nine months after the closing date through (but not including) the date that is the second anniversary of the closing date, \$25,000,000 multiplied by 50.0%, (iii) from the second anniversary of the closing date and thereafter, \$25,000,000 multiplied by 75.0% plus, in the case of clause (iii), interest accrued on \$25,000,000 at the Make-Whole Interest Rate (as defined below) starting on the second anniversary of the closing date and calculated as of any such date of determination. The Make-Whole Interest Rate is a rate equal to 16.0% per annum, which is increased by 2.0% per annum upon the occurrence and during the continuation of an event of default under the Subordinated Credit Facility.

The obligations under the Subordinated Credit Facility are guaranteed by the same guarantors under the Amended Credit Facility and matures 90 days after the Maturity Date under the Amended Credit Facility as discussed in Note (8) – "Credit Facility." The Subordinated Credit Facility contains customary representations, warranties and affirmative covenants, in each case substantially consistent with the representations and warranties and affirmative covenants under the Amended Credit Agreement. The Subordinated Credit Facility contains customary negative covenants, subject to negotiated exceptions, including but not limited to: (i) liens, (ii) investments, (iii) indebtedness, (iv) significant corporate changes, including mergers and acquisitions, (v) dispositions, (vi) restricted payments, including stockholder dividends, and (vii) certain other restrictive agreements.

The outstanding Subordinated Credit Facility will not be considered debt for purposes of our financial covenant testing under the Credit Facility. Capitalized terms used but not defined herein have the meanings set forth for such terms in the Subordinated Credit Facility, which has been documented and filed with the SEC.

(18) Subsequent Events

On October 11, 2023, we entered into a stock sale agreement relating to our solid-state RF microwave high power amplifiers and control components product line, which is included in our Satellite and Space Communications segment. The completion of this divestiture is subject to customary closing conditions. The preliminary sales price for this divestiture is \$35,000,000 in cash, plus contingent consideration up to \$5,000,000 based on the achievement of a revenue target or the receipt of an anticipated contract award as specified in the stock sale agreement. The sales price is also subject to adjustment based on the closing date net working capital of the divested business.

F - 41 50

Schedule II

COMTECH TELECOMMUNICATIONS CORP.
AND SUBSIDIARIES

Valuation and Qualifying Accounts and Reserves

Fiscal Years Ended **July 31, 2023** **July 31, 2024**, **2022** **2023** and **2021** **2022**

Column A		Column A						Column B		Column C		Column D		Column E	
Column A	Column A	Column B	Column C	Additions	Column D	Column E		Column B	Additions	Column C	Additions	Column D	Column E		
Description	Description	Balance at beginning of period	Charged to cost and expenses	Charged to other accounts - describe	Transfers (deductions) - describe	Balance at end of period	Description	Balance at beginning of period	Charged to cost and expenses	Transfers (deductions) - describe	Balance at end of period				
Allowance for doubtful accounts receivable:	Allowance for doubtful accounts receivable:						Allowance for doubtful accounts receivable:								
Year ended July 31,	Year ended July 31,						Year ended July 31,								
2024															
2023	2023	\$ 2,337,000	261,000 (A)	—	(509,000) (B)	\$ 2,089,000									
2022	2022	1,648,000	838,000 (A)	—	(149,000) (B)	2,337,000									
2021		1,769,000	(18,000) (A)	215,000 (C)	(318,000) (B)	1,648,000									
Inventory reserves:	Inventory reserves:														
Inventory reserves:															
Year ended July 31,	Year ended July 31,						Year ended July 31,								
2024															
2023	2023	\$23,121,000	4,871,000 (D)	—	(3,333,000) (E)	\$24,659,000									
2022	2022	20,229,000	4,447,000 (D)	—	(1,555,000) (E)	23,121,000									
2021		19,076,000	4,364,000 (D)	—	(3,211,000) (E)	20,229,000									
Valuation allowance for deferred tax assets:	Valuation allowance for deferred tax assets:														

Valuation allowance for deferred tax assets:							
Valuation allowance for deferred tax assets:							
Year ended July 31,	Year ended July 31,				Year ended July 31,		
2024							
2023	2023	\$31,227,000	4,617,000 (F)	—	(1,366,000) (F)	\$34,478,000	
2022	2022	28,384,000	2,947,000 (F)	—	(104,000) (F)	31,227,000	
2021		11,471,000	17,750,000 (F)	—	(837,000) (F)	28,384,000	

- (A) Provision for doubtful accounts.
- (B) Write-off of uncollectible **receivables**, **receivables** and allowance for doubtful account **receivables** relating to the PST Divestiture.
- (C) **Increase due to our August 1, 2020 adoption of FASB ASU No. 2016-13, on a modified-retrospective basis, which requires companies to utilize an impairment model (current expected credit loss ("CECL")) for most financial assets measured at amortized cost and certain other financial instruments, which include, but are not limited to trade receivables and contract assets.**
- (D) Provision for excess and obsolete inventory.
- (E) Write-off of **inventory**, **inventory** and PST **inventory** reserve relating to the PST Divestiture.
- (F) Change in valuation allowance. See Note **(9)** **(10)** - "Income Taxes" for further discussion.

S - 1

Exhibit 10(e)(2) EXHIBIT 3(a)(v)

CERTIFICATE OF ELIMINATION
OF
SERIES B-1 CONVERTIBLE PREFERRED STOCK
OF
COMTECH TELECOMMUNICATIONS CORP.

(Pursuant to Section 151(g)
of the General Corporation Law
of the State of Delaware)

Comtech Telecommunications Corp., a Delaware corporation (the "Company"), hereby certifies in accordance with the provisions of Section 151(g) of the General Corporation Law of the State of Delaware ("DGCL"), as follows:

First: Pursuant to Section 151 of the DGCL and the authority granted to and vested in the board of directors of the Company (the "Board") in accordance with the provisions of the Company's Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), the Board, by resolutions duly adopted, authorized the issuance of the Series B-1 Convertible Preferred Stock of Comtech Telecommunications Corp. (the "Series B-1 Preferred Stock") and established the voting powers, designations, preferences and relative, participating, optional and other rights, and the qualifications, limitations or restrictions thereof, and authorized the filing of the Certificate of Designations with the Office of the Secretary of State of the State of Delaware on June 17, 2024 (the "Series B-1 Certificate").

Second: In connection with the exchange (the "Exchange") of all shares of Series B-1 Preferred Stock into shares of Series B-2 Convertible Preferred Stock of the Company on October 16, 2024, none of the authorized shares of the Series B-1 Preferred Stock are outstanding and none will be issued subject to the Series B-1 Certificate.

Third: The Board, at a meeting of the Board held on October 15, 2024, duly adopted the following resolutions approving the elimination of the Series B-1 Preferred Stock as set forth herein:

RESOLVED that following the Exchange, no shares of the Series B-1 Preferred Stock will be outstanding and no shares of the Series B-1 Preferred Stock will be issued subject to the Series B-1 Certificate; and it is further

RESOLVED that when a certificate setting forth this resolution (the "Certificate of Elimination") becomes effective, it shall have the effect of eliminating from the Certificate of Incorporation all matters set forth in the Series B-1 Certificate with respect to the Series B-1 Preferred Stock, and the shares that were designated to such series will be returned to the status of authorized but unissued shares of the preferred stock of the Company, without designation as to series; and it is further

RESOLVED that the Board hereby approves and declares advisable, the Certificate of Elimination to cancel the Series B-1 Certificate following the Exchange, in substantially the form reviewed by the Special Committee of the Company; and it is further

RESOLVED that the Authorized Persons be, and each hereby is, authorized, in the name and on behalf of the Company, to prepare, execute and file with the Secretary of State of the State of Delaware the Certificate of Elimination relating to the Series B-1 Preferred Stock.

[Signature page follows]

CASH-SETTLED PERFORMANCE UNIT AWARD AGREEMENT IN WITNESS WHEREOF, the Company has caused this Certificate of Elimination to be signed by Michael A. Bondi, its Chief Financial Officer, on this 23rd day of October, 2024.

COMTECH TELECOMMUNICATIONS CORP.

By: /s/ Michael A. Bondi
Name: Michael A. Bondi
Title: Chief Financial Officer

[Signature Page to Certificate of Elimination]

Exhibit 4(a)(ii)

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT
TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

Comtech Telecommunications Corp. ("we," "our," or the "Company") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): our common stock, par value \$0.10 per share ("common stock").

DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock is intended as a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Restated Certificate of Incorporation (which we refer to as our "charter"), our Certificate of Designations of the Series B-2 Convertible Preferred Stock (the "Certificate of Designations"), our Third Amended and Restated By-Laws (the "Bylaws"), and to the applicable provisions of the Delaware General Corporation Law (the "DGCL"). Each of the charter, the Certificate of Designations and the Bylaws are included as an exhibit to the Annual Report on Form 10-K of which this Exhibit is a part. Because the following is only a summary, it does not contain all of the information that may be important to you. For a complete description, you should refer to the charter, the Certificate of Designations and the Bylaws.

General

Our charter authorizes 100,000,000 shares of common stock, \$0.10 par value per share, and 2,000,000 shares of preferred stock, \$0.10 par value per share.

Common Stock

Common Stock Outstanding. As of October 23, 2024, we had 28,866,682 shares of our common stock issued and outstanding.

Voting Rights. Each holder of our common stock is entitled to one vote for each share of common stock on all matters submitted to a vote of stockholders.

Dividend Rights. Holders of our common stock are entitled to receive, as and when declared by our board of directors, dividends payable either in cash or in property, including securities of the Company, out of assets of the Company that are legally available therefor.

Rights upon Liquidation. Holders of our common stock are entitled to share pro rata, upon any liquidation, dissolution or winding up of the Company, in all remaining assets available for distribution to stockholders after payment of or provision for our liabilities and the liquidation preference of any of our outstanding preferred stock.

Preemptive Rights. Holders of our common stock have no preemptive rights to purchase, subscribe for or otherwise acquire any unissued or treasury shares or other securities.

Preferred Stock

As discussed in more detail below, we are authorized under our charter to issue up to 2,000,000 shares of preferred stock. We have currently designated two series of our preferred stock: (1) 200,000 shares of our preferred stock designated as Series A Junior Participating Cumulative Preferred Stock, none of which are outstanding, and (2) Series B-2 Convertible Preferred Stock, 175,263.58 shares of which are currently outstanding.

1

Blank Check Preferred Stock. Under our charter, our board of directors has the authority, without stockholder approval, to designate one or more series of preferred stock, to issue shares of preferred stock in such series up to the maximum number of shares of the relevant series of preferred stock authorized, and to determine the preferences, rights, privileges, qualifications, restrictions and limitations of any such series, including the number of shares constituting any such series and the designation of such series, dividend rights, voting rights, the rights and terms of conversion, the rights and terms of redemption, the terms of any sinking fund, retirement fund or purchase fund to be provided with such series and liquidation preferences. Acting under this authority, our board of directors could designate and issue a series of preferred stock with preferences, rights, privileges, qualifications, restrictions or limitations, and adopt a stockholder rights plan, having the effect of discriminating against an existing or prospective holder of securities as a result of such stockholder beneficially owning or commencing a tender offer for a substantial amount of our common stock. One of the effects of authorized but unissued and unreserved shares of capital stock may be to render more difficult or discourage an attempt by a potential acquirer to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of the Company's management. The issuance of such shares of capital stock may have the effect of delaying, deferring or preventing a change in control of the Company without any further action by our stockholders. We have no present intention to adopt a stockholder rights plan, but could do so without stockholder approval at any future time.

Series A Junior Participating Cumulative Preferred Stock. As of October 17, 2024, we have designated 200,000 shares of our preferred stock as Series A Junior Participating Cumulative Preferred Stock, par value \$0.10 per share, none of which are outstanding.

Series B-1 Convertible Preferred Stock. As of July 31, 2024, we had designated 171,827.05 shares of our preferred stock as Series B-1 Convertible Preferred Stock, par value \$0.10 per share, and had 171,827.05 of such shares outstanding. On October 17, 2024, the Company exchanged all outstanding shares of Series B-1 Convertible Preferred Stock for Series B-2 Convertible Preferred Stock. As a result, no shares of Series B-1 Convertible Preferred Stock remain outstanding as of October 17, 2024.

Series B-2 Convertible Preferred Stock. As of October 17, 2024, we have designated 175,263.58 shares of our preferred stock as Series B-2 Convertible Preferred Stock, par value \$0.10 per share, and currently have 175,263.58 of such shares outstanding.

Designation of Series B-2 Convertible Preferred Stock.

The Series B-2 Convertible Preferred Stock ranks senior to the shares of the Company's common stock, with respect to the payment of dividends and the distribution of assets upon a liquidation, dissolution or winding up of the Company. As of October 17, 2024, the liquidation preference of the Series B-2 Convertible Preferred Stock was \$187,158,719.17. Holders of the Series B-2 Convertible Preferred Stock will be entitled to a cumulative dividend (the "Dividend") at the rate of 9.00% per annum, compounding quarterly, paid-in-kind, or 7.75% per annum, compounding quarterly, paid in cash, at the Company's election. The Dividend rate may increase or decrease following certain events, as set forth in the Certificate of Designations. For any quarter in which the Company elects not to pay the Dividend in cash with respect to a share of Series B-2 Convertible Preferred Stock, such Dividend will become part of the liquidation preference of such share, as set forth in the Certificate of Designations. In addition, no dividend or other distribution on the common stock will be declared or paid on the common stock unless, at the time of such declaration and payment, an equivalent dividend or distribution is declared and paid on the Series B-2 Convertible Preferred Stock (the "Participating Dividend"), provided that in the case of any such dividend in the form of cash, in lieu of a cash payment, such Participating Dividend will become part of the liquidation preference of the shares of Series B-2 Convertible Preferred Stock, as set forth in the Certificate of Designations. Following certain events as set forth in the Certificate of Designations, Holders of Series B-2 Convertible Preferred Stock will be entitled to elect to have the Company pay the Dividend in cash (to the extent permitted by law).

2

Conversion Rights and Mandatory Redemption.

The Series B-2 Convertible Preferred Stock is convertible into shares of common stock at the option of the holders thereof at any time. At any time after July 22, 2027, the Company has the right to mandate the conversion of the Series B-2 Convertible Preferred Stock, subject to certain restrictions, based on the price of the Common Stock in the preceding thirty (30) consecutive trading days. The conversion price for the shares of Series B-2 Convertible Preferred Stock is \$7.99 as of October 17, 2024, subject to certain adjustments set forth in the Certificate of Designations (as adjusted, the "Conversion Price").

Voting and Consent Rights.

Holders of the Series B-2 Convertible Preferred Stock are entitled to vote with the holders of the common stock on an as-converted basis. Holders of the Series B-2 Convertible Preferred Stock are entitled to a separate class vote with respect to, among other things, amendments to the Company's organizational documents that have an adverse effect on the Series B-2 Convertible Preferred Stock, authorizations or issuances of securities of the Company (other than the issuance of, in the aggregate, up to \$50,000,000 of shares of common stock in qualified offerings), the payment of dividends, related party transactions, repurchases or redemptions of securities of the Company, dispositions of businesses or assets, the incurrence of indebtedness and amendments to the Company's existing credit facility (the "Credit Facility") on terms and conditions that, taken as a whole, (A) are materially different from the existing credit facility or (B) adversely affect the ability of the Company to perform its obligations in connection with an optional repurchase of the Series B-2 Convertible Preferred Stock, in each case, subject to the exceptions and qualifications set forth in the Certificate of Designations.

Repurchase Rights.

Each holder of Series B-2 Convertible Preferred Stock will have the right to require the Company to repurchase its shares of Series B-2 Convertible Preferred Stock either (a) upon the consummation of an Asset Sale (as defined in the Certificate of Designations) meeting certain criteria, (b) following a CA Satisfaction (as defined in the Certificate of Designations), April 30, 2027 or (c) in all other cases, on or after October 31, 2028, in each case, at a price and on the terms set forth in the Certificate of Designations. The Company will have the right to repurchase all, or less than all, of the shares of Series B-1 Convertible Preferred Stock upon the consummation of an Asset Sale meeting the same criteria as clause (a) above, at a price and on the terms set forth in the Certificate of Designations.

In addition, each holder of Series B-2 Convertible Preferred Stock will have the right to cause the Company to repurchase its shares of Series B-2 Convertible Preferred Stock in connection with a Change of Control (as defined in the Certificate of Designations), at a price and on the terms set forth in the Certificate of Designations.

Right to Nominate Director.

For so long as the initial investors (the "Investors") (or their permitted transferees) own beneficially and of record an amount of Series B-2 Convertible Preferred Stock with an aggregate liquidation preference equal to at least \$25,000,000 (including the liquidation preference of any shares of Series B-2 Convertible Preferred Stock previously held that were subsequently converted into shares of common stock for so long as the Investors (or their permitted transferees) continue to own beneficially and of record such shares of common stock), the Investors representing at least a majority of the outstanding shares of Series B-2 Convertible Preferred Stock then outstanding have the right to nominate one person to serve on the Board of Directors (such nominee, the "Convertible Preferred Stock Nominee", and such director, the "Convertible Preferred Stock Director"). For so long as the right to nominate one person to serve on the Board of Directors continues to be satisfied based on conditions outlined above, the Company shall nominate the Convertible Preferred Stock Nominee for election (or re-election, as applicable) as a director at the end of each term of the Convertible Preferred Stock Director as part of the slate proposed by the Company that is included in the proxy statement (or consent solicitation or similar document) of the Company relating to the election of the Board of Directors.

3

Standstill.

Until the earliest to occur of (a) January 22, 2025, with respect to clause (2) below and, otherwise, January 22, 2026, (b) the occurrence of an Insolvency Proceeding (as defined in the Credit Facility) and (c) certain Events of Default (as defined in the Credit Facility), subject to certain qualifications, the Investors will be subject to certain standstill restrictions pursuant to which the Investors will be restricted, among other things and subject to certain customary exceptions, from (1) acquiring more than a specified amount of the Company's outstanding common stock or securities exchangeable for or convertible into the common stock, (2) entering into any derivative or other convertible instruments, hedging contracts or other derivative securities or similar instruments related to the purchase or sale of common stock, (3) making, participating in or encouraging any proxy solicitation or submitting any shareholder proposal to the Company, (4) publicly proposing any change of control or other material transaction involving the Company, (5) encouraging or entering into any agreements with any person with respect to any of the foregoing, (6) purchasing, selling or otherwise trading debt securities of the Company if as a result such Investor would beneficially own 19.99% of the Company's outstanding debt securities or (7) taking any action that would require the Company to make a public announcement regarding any of the foregoing.

Transfer Restrictions.

Until the earlier of (a) January 22, 2025 and (b) termination of the standstill provisions (as described above), the Investors will be restricted from transferring the Series B-2 Convertible Preferred Stock, subject to certain specified exceptions.

Warrants

As of the date of this prospectus, we have outstanding 1,435,884 Warrants (the "Warrants") to purchase an aggregate of 1,435,884 shares of common stock.

Duration and Exercise

The Warrants will have an exercise price of \$0.10 per share of common stock and are exercisable at any time and from time to time on or prior to the close of business on June 17, 2031. The Warrants are exercisable, at the election of the holder, either in full or in part, for cash or by Net Share Settlement. The exercise price is subject to adjustment in connection with (i) stock splits, dividends or distributions or other similar transactions, (ii) the issuance of rights or warrants to holders of the common stock, and (iii) any distributions of assets, including cash, stock or other assets or property, to holders of the common stock.

Liquidity Event

In connection with any recapitalization, reorganization, reclassification, consolidation, merger, or other transaction, which, in each case, is effected in such a way that all of the holders of common stock are entitled to receive consideration with respect to or in exchange for common stock (other than a transaction that triggers an adjustment) (a "Liquidity Event"), each Warrant holder will have the right to receive, upon exercise of such Warrants, such consideration as would have been issued or payable in such Liquidity Event (if such Warrant holder had exercised such Warrant immediately prior to such Liquidity Event) with respect to or in exchange, as applicable, for the number of common stock that would have been issued upon exercise of such Warrants, if such Warrants had been exercised immediately prior to the occurrence of such Liquidity Event.

Repurchase Right

Upon a refinancing resulting in the payment in full of all relevant obligations on or before the relevant maturity date, each holder shall have the right (a "Put Right") to sell, and, upon exercise by any holder of its Put Right, the Company shall have the obligation to purchase for cash, up to 50% of the Warrants held by such holder at a price per share equal to 90% of the 30-day volume-weighted average price of the common stock calculated as of the date of exercise of the Put Right.

4

Transferability

In accordance with the terms of the Warrants and subject to certain registration requirements, a Warrant may be transferred at the option of the holder.

Fractional Shares

No fractional Warrant Shares, or scrip of any fractional Warrant Shares, will be issued upon the exercise of the Warrants. If any fraction of a share of common stock be issuable on the exercise of any Warrant, the holder will be entitled to receive a cash payment equal to the Market Price (as defined in the Warrant) less the exercise price of such fractional share.

Trading Market

There is no established trading market for the Warrants, and we do not expect a market to develop. We do not intend to apply for a listing for the Warrants on any securities exchange or other nationally recognized trading system. Without an active trading market, the liquidity of the Warrant will be limited.

Rights as a Shareholder

Except as otherwise provided in the Warrants or by virtue of the holders' ownership of shares of common stock, the holders of Warrants do not have the rights or privileges of holders of our shares of common stock, including any voting rights, until such Warrant holders exercise their warrants.

Registration Rights

Pursuant to the terms of the Warrants, we agreed to file a registration statement providing for the resale by the Selling Stockholders of the Warrant Shares within 30 calendar days from the date of the issuance of the Warrants. We agreed to use commercially reasonable efforts to cause such registration statement to become effective as soon as practicable thereafter and to keep such registration statement continuously effective until the earlier of (1) the date that the respective Selling Stockholder no longer owns any Warrants or Warrant Shares and (2) the date on which all Warrant Shares held by a holder may be sold pursuant to Rule 144 without regard to any volume or manner of sale restrictions, assuming all Warrants held by such holder are exercised on a Net Share Settlement basis.

Certain Provisions of Delaware Law

We are subject to the provisions of Section 203 of the DGCL, an anti-takeover law. In general, this statute provides that, except in certain limited circumstances, a corporation shall not engage in any "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, for purposes of Section 203 of the DGCL, an "interested stockholder" is a person who, together with affiliates, owns, or within three years did own, 15% or more of the corporation's voting stock. This provision could have the effect of delaying or preventing a change in control of the Company.

5

Liability of Directors and Officers

As permitted by Delaware law, our charter contains a provision that eliminates the personal liability of the directors to us and our stockholders for monetary damages for breaches of fiduciary duties as directors, except that such provision does not apply to any breach that involves:

- a breach of a director's duty of loyalty to the Company ;
- any act or omission not in good faith or which involves intentional misconduct or a knowing violation of law;
- a transaction from which the director derives an improper personal benefit; or
- the payment of dividends or the approval of stock repurchases or redemptions that are unlawful under the DGCL.

Our by-laws provide that we shall indemnify (a) any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that he is or was one of our directors, officers or employees, or is or was serving at our request as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by him or her in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was illegal, and (b) any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by us or in our name to procure a judgment in its favor by reason of the fact that he or she is or was one of our directors, officers or employees, or is or was serving at our request as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to us unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of Delaware or such other court shall deem proper.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the issuer pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

####EMPLOYEE_GRANT_NUMBER###

COMTECH TELECOMMUNICATIONS CORP.
2000 STOCK INCENTIVE PLAN, AS AMENDED AND RESTATED2023 Equity and Incentive Plan

Other Stock Award Agreement

THIS CASH-SETTLED PERFORMANCE UNIT AWARD AGREEMENT (this Comtech Telecommunications Corp., a Delaware corporation (the "Agreement Company"), is made effective hereby grants to you, ###PARTICIPANT_NAME###, as of [●], 2023###GRANT_DATE### (the "Grant Date"), by and between Comtech Telecommunications Corp. (the "Company") and [●] (the "Participant").

WHEREAS, the Board of Directors pursuant to Section 3.1 of the Company (the "Board") adopted, Company's 2023 Equity and the stockholders of the Company approved, the Comtech Telecommunications Corp. 2000 Stock Incentive Plan as amended and restated (the "Plan"); an Other Stock Award (the "Award")

WHEREAS, pursuant to Section 3.2 Award") in full settlement of the Plan, non-equity incentive plan award earned by you for the Committee appointed by fiscal [20XX] performance and service period for ###TOTAL_AWARDS### shares of the Company's Board of Directors to administer the Plan (the "Common Stock, \$0.10 par value per share ("Committee Stock"), wishes to grant to the Participant a Cash-Settled Performance Unit Award under Article X of the Plan that, following the achievement of the specified levels of performance, as set forth on the document titled "Performance Goals" and "Corresponding Earned Units" attached hereto as Appendix A (the "Performance Goals"), and, subject to the Participant's continuing service with the Company or an Affiliate through the Final Certification Date (as defined below), may provide for the issuance of an amount in cash equal to (i) the number of Performance Units corresponding to the level of achievement of the Performance Goals (subject to accelerated earning, vesting and payment of such amount as specifically provided herein), multiplied by (ii) the Fair Market Value of a share of Common Stock on the business day immediately prior to the Final Certification Date; and

WHEREAS, the Performance Goals are intended to constitute "Performance Goals," as set forth under the Plan.

NOW, THEREFORE, the Company and the Participant agree as follows:

1. Grant of Cash-Settled Performance Unit Award. Subject to the restrictions, terms and conditions set forth in the Plan and this agreement (the "Agreement on").

1. **Award Subject to Acceptance of Agreement.** By accepting this Award, you agree to abide by all administrative procedures established by the Company or its stock plan administrator, including any procedures requiring you to notify the Company of any proposed sale of any Stock acquired pursuant to this Award. As of the Grant Date, the Company awarded and granted shall cause to be issued in your name the Participant an award under Article X of the Plan with the designated target total number of [TARGET PERFORMANCE UNITS] Performance Units (the "Target Performance Units"), which provides to the Participant a conditional right to earn the Target Performance Units, or a number shares of Performance Units for each Applicable Performance Period (as defined below) ranging from 0% to 200% of the Target Performance Units, by achievement of the designated levels of performance of each performance criteria as specified in the Performance Goals attached hereto as Appendix A, the earning of which would entitle the Participant to receive for each Performance Unit earned, in accordance with Section 2 below, an amount in cash equal to (i) the number of Performance Units corresponding to the level of achievement of the Performance Goals, multiplied by (ii) the Fair Market Value of a share of the Company's Common Stock on the business day immediately prior to the Final Certification Date, subject to the provisions of Sections 3 Award. The Company shall pay all original issue or transfer taxes and 4 below (the "Performance Unit Award"), all fees and expenses incident to such delivery.

2. **Certification Date.** Subject to the Participant's not incurring a Termination of Employment prior to the Final Certification Date (except as otherwise specifically set forth in this Agreement), upon the Committee determining and certifying the achievement of the Applicable Performance Goals on each of the applicable Annual Certification Dates with respect to the performance period beginning on August 1, 2023 and ending on July 31, 2026 (the "Full Three-Year Performance Period"), the performance period commencing on August 1, 2023 and ending on July 31, 2024 (the "First Applicable Performance Period"), or the performance period beginning on August 1, 2023 and ending on July 31, 2025 (the "Second Applicable Performance Period," and together with the Full Three-Year Performance Period and the First Applicable Performance Period, each an "Applicable Performance Period"), the Participant shall have the right to receive an amount equal to the Fair Market Value of one share of Common Stock as of the business day immediately prior to the Final Certification Date for each Performance Unit earned based on the level of attainment of the applicable Performance Goals for the Applicable Performance Period in accordance with Appendix A (such earned Performance Units, the "Earned Units") during the Applicable Performance Period, subject to the Participant remaining employed through the applicable

Exhibit 10(e)(2)

Annual Certification Date, except as otherwise provided in Section 3. The Committee shall certify the level of achievement of each of the Performance Goals no later than seventy-five (75) days following the end of the Applicable Performance Period (the date of each such certification the "Annual Certification Date," and the date of the Annual Certification Date following the Full Three-Year Performance Period, the "Final Certification Date"). All Performance Units that do not become Earned Units following the Committee's certification on the Final Certification Date under the terms hereof shall be forfeited on such Final Certification Date.

3. Death or Disability/Change in Control before the Final Certification Date; Effect of Terminations of Employment.

3.1. Death, Disability and Termination of Employment.

(i) In the event of the Participant's death or Disability prior to the Final Certification Date and prior to forfeiture of the Performance Units, the Performance Goals for the Full Three-Year Performance Period shall be deemed to be satisfied at a level equal to the greater of the designated Target Performance level or the Projected Performance Level (as defined in Appendix A) as of the date of such death or Disability, and the resulting number of Earned Units less Earned Units earned for a prior completed Applicable Performance Period (if any), together with the number of Earned Units earned for any previously completed Applicable Performance Period shall become fully vested and cash payments with respect thereto shall (subject to Plan Section 17.13) be distributed to the Participant or his or her beneficiary within sixty (60) days following the end of the fiscal quarter in which the Participant's death or Disability occurs. The term "Disability" shall have the meaning as set forth in Plan Section 2.14 treating the Performance Units as being subject to Code Section 409A, provided that a "Disability" shall be deemed to have occurred only if it qualifies as a disability within the meaning of Treasury Regulation Section 1.409A-1(e)(1).

(ii) In the event of the Participant's Termination of Employment without Cause (and other than due to death or Disability) on a date that is both prior to the Final Certification Date and prior to a 409A Change in Control occurring, the Participant shall earn for each Applicable Performance Period not completed on the date of the Termination of Employment a number of Earned Units (which shall not be less than zero) in an amount equal to: (i) the product of (x) the number of Performance Units the Participant would have earned based on (A) actual performance if the Participant's Termination of Employment occurs during the First Applicable Performance Period, measured on the last day of the First Applicable Performance Period or (B) if the Participant's Termination of Employment occurs after the First Applicable Performance Period, the projected achievement of each of the Performance Goals for the Applicable Performance Period which shall be calculated

utilizing the actual achievement of the applicable portion of the Performance Goals and assuming the same level of performance through the end of the Applicable Performance Period, measured on the last day of the fiscal quarter in which the Termination of Employment occurs, times (y) a fraction, the numerator of which is the number of days during the Applicable Performance Period in which the Participant was employed, and the denominator of which is the number of days in the Applicable Performance Period; less (ii) any Earned Units earned for any prior Applicable Performance Periods. The resulting number of Earned Units (if any) plus the Earned Units previously earned for previously completed Applicable Performance Periods (if any), shall become fully vested and cash payments with respect thereto shall (subject to Plan Section 17.13) be distributed to the Participant in accordance with Section 4 hereof, subject to Participant's timely execution and non-revocation of a release agreement prior to the Final Certification Date in a form required by the Company.

(iii) In the event of a Termination of Employment due to the Participant's resignation for any or no reason on a date that is both prior to the Final Certification Date and prior to a 409A Change in Control occurring, the following provisions shall apply:

(a) If on the Grant Date, the Participant has ten or more years of qualifying service with the Company (as determined by the Committee in its sole discretion) (a "Qualifying Long-Term Employee"), any Earned Units earned with respect to any previously-completed Applicable Performance Period shall be forfeited and disregarded, and the Participant shall earn for the Full Three-Year Performance Period a number of Earned Units (which shall not be less than zero) in an amount equal to the product of (x) the number of

Exhibit 10(e)(2)

Performance Units the Participant would have earned based on the actual achievement of each of the Performance Goals for the Full Three-Year Performance Period if the Participant remained employed by the Company through the Final Certification Date, times (y) a fraction, the numerator of which is the number of days during the Full Three-Year Performance Period that the Participant was employed by the Company, and the denominator of which is 1,095. The resulting number of Earned Units (if any) shall become fully vested and cash payments with respect thereto shall (subject to Plan Section 17.13) be distributed to the Participant in accordance with Section 4 hereof, subject to Participant's timely execution and non-revocation of a release agreement prior to the Final Certification Date in a form required by the Company.

(b) If on the Grant Date, the Participant is not a Qualifying Long-Term Employee, all Performance Units, including any Earned Units, shall be forfeited on the date of such Termination of Employment for no consideration.

(iv) In the event of a Termination of Employment for Cause, all Performance Units, including any Earned Units, shall be forfeited on the date of such Termination of Employment for Cause for no consideration.

3.2. 409A Change in Control. In the event of a 409A Change in Control prior to the Final Certification Date, the Performance Goal for the Full Three-Year Performance Period shall be deemed to be satisfied at a level equal to the greater of the designated Target Performance level or the Projected Performance Level (as defined in Appendix A) as of the date of such 409A Change in Control, and the resulting number of earned Performance Units, less any previously Earned Units, shall be deemed to be Earned Units and shall become fully vested as of the 409A Change in Control (including in the case of a Participant whose employment terminated between the time of the 409A Change in Control and the Assumption Deadline (as defined below)) and all cash payments with respect to such vested Earned Units shall (subject to Plan Section 17.13 and any limitations under Section 409A of the Code) be distributed to the Participant within sixty (60) days following the end of the fiscal quarter in which the 409A Change in Control occurs; provided, that, if the payment of the Award upon the 409A Change in Control is not permitted under Section 409A, then the Award shall vest in accordance with this Section 3.2 and shall be settled as provided for in Section 4, subject to earlier settlement in accordance with Section 3.1 to the extent required to comply with Section 409A; provided further that, notwithstanding the foregoing, if the Committee reasonably determines in good faith but subject to and only in accordance with Section 409A of the Code, prior to the Assumption Deadline, that any Performance Units that are not Earned Units shall be honored or assumed, or new awards substituted therefor (each such honored, assumed or substituted Performance Units hereinafter called an "Alternative Performance Units"), by Participant's employer (or the parent or a subsidiary of such employer) by the Assumption Deadline, then no acceleration of earning or vesting shall occur with respect to the Performance Units solely due to such event, provided that, such Alternative Performance Units must meet the following criteria:

(i) Each Alternative Performance Unit must be based on stock that is traded on an established securities market, or that will be so traded within 30 days after the 409A Change in Control, or provide for a cash payment not less than the cash value of the Performance Unit based on the highest consideration per share received by a holder of Common Stock in the transaction or series of transactions that gave rise to the 409A Change in Control;

(ii) The Alternative Performance Units must provide such Participant with rights, terms, conditions and entitlements substantially equivalent to or better than the rights, terms, conditions and entitlements applicable under the Performance Units, including, but not limited to, an identical or better vesting schedule than applied prior to the 409A Change in Control;

(iii) The Alternative Performance Unit must have economic value substantially equivalent to the value of each Performance Unit (such equivalent values to be determined as of the time of the 409A Change in Control);

(iv) In furtherance of clause (ii) above, the performance goal applicable to the Alternative Performance Units (the "Alternative Performance Goal") and the corresponding level at which Alternative Performance Units shall be earned must be determined by the Committee to be not less probable of being achieved than the Performance Goal immediately prior to the 409A Change in Control (assuming the

Exhibit 10(e)(2)

409A Change in Control had not occurred and assuming that the Company had incurred no expense in connection with the 409A Change in Control);

(v) The Alternative Performance Units must be structured in a manner intended to comply with Section 409A of the Code to avoid any adverse tax consequences thereunder, to the extent applicable;

(vi) The Alternative Performance Units shall provide that, in the event that, within two years following the 409A Change in Control and prior to the Final Certification Date, either the Participant has a Termination of Employment by his or her employer other than for Cause (with the result that immediately thereafter the Participant is not employed by such employer or its parent or other affiliates or that the Alternative Performance Units otherwise would be forfeited under their terms but for this provision), or if the Participant would be paid a CIC Payment under Section 3(b)(i) of the Company's Change-in-Control Agreement upon a Termination of Employment by the Participant for "Good Reason" (however designated), or under any other agreement with the employer or its parent or other affiliates and Participant effects a Termination of Employment for such Good Reason, then the Alternative Performance Goal for the Full Three-Year Performance Period shall be deemed to be satisfied at the Maximum Performance level as of the date of such Termination of Employment, and the resulting number of earned Alternative Performance Units less any Performance Units previously earned for a completed Applicable Performance Period, which together with Earned Units previously earned for previously completed Applicable Performance Periods (if any) shall be the resulting Earned Units, shall become fully vested (to the extent not vested prior thereto) and cash payment with respect to such Earned Units shall be distributed to the Participant within five business days after such termination date.

(vii) Any changes after the 409A Change in Control to the businesses the performance of which is measured under the Alternative Performance Goal, including but not limited to asset sales or dispositions, reorganizations, restructuring, acquisitions, or discontinuations of operations, that will or could have an adverse effect on the performance criteria under the Alternative Performance Goal during the Full Three-Year Performance Period shall be accompanied by adjustments to the Alternative Performance Goal so that such changes do not reduce the probability of the Performance Goal being achieved at the level that would have been obtained in the absence of such changes.

For purposes of this Section 3.2, the "Assumption Deadline" shall be the date of the 409A Change in Control if the Company had at least 20 days' advance notice that the 409A Change in Control was anticipated to occur, and otherwise the Assumption Deadline shall be the date ten business days after the 409A Change in Control.

The provisions of this Agreement supersede Plan Section 14.1(b).

4. Vesting of Earned Units and Cash Distribution. Subject to Section 3, Earned Units shall vest and cash payments due with respect thereto shall be distributed to the Participant on the Final Certification Date. Except as otherwise provided herein, there shall be no proportionate or partial vesting in the periods prior to the Final Certification Date and all vesting shall occur only on the Final Certification Date.

5. Dividend Equivalents. In the event that the Company declares and pays ordinary cash dividends on its outstanding Common Stock the record date for which is on or after the Grant Date and on or before the date of distribution of the cash payment with respect to the Earned Units, the Participant shall be credited, as of the dividend payment date, for each Performance Unit that is potentially earnable under this Agreement, a cash amount equivalent to the cash amount paid at that date on one share of Common Stock, under Section 10.3(e) of the Plan. Such credited cash amount of dividend equivalents shall be earned and vested if and only if the related Performance Unit becomes earned and vested (i.e., it is forfeitable to the same extent as the related Performance Unit). No interest will be credited on accrued dividend equivalents. Dividend equivalents will be distributable at such time as the cash payments resulting from the earning and vesting of the Performance Units to which the dividend equivalents relate are distributed; *provided, however,* that the Company may withhold cash dividend equivalents to satisfy then applicable tax withholding obligations relating to cash payments with respect to the Earned Units under Section 10.

6. **Detrimental Activity.** In the event **the Participant engages** you engage in Detrimental Activity prior to, or during the one year period following the earlier later of your termination of employment or service or the grant of the Participant's Termination of Employment or the Final Certification Date, Stock, the Committee may direct (at any time within one year thereafter) that all Performance Units Stock hereunder (including any dividends credited thereupon) shall be immediately forfeited to the Company and that the Participant you shall pay over to the Company any cash amount paid equal to the Participant with respect amount realized upon the Grant Date of the Stock or any dividends paid in connection therewith.

3. **Rights as a Stockholder.** You will have all rights as a holder of the Stock subject to the **Earned Units** Award, including, without limitation, voting rights, the right to receive dividends and other distributions thereon, and the right to participate in any capital adjustment applicable to all holders of Stock.

4. **Rights as a Participant.** Except as otherwise specifically provided herein, you shall have no right to receive any new award or share of Stock covered by any new award once you no longer qualify as participant under the Plan.

5. **Provisions of Plan Control.** This grant is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions of the Plan, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee or the Board and as may be in effect from time to time. Any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan. The Plan is incorporated herein by reference. If and to the extent that this grant conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this grant shall be deemed to be modified accordingly.

6. **Notices.** Any notice or communication given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, or by United States mail, to the appropriate party at the address set forth below (or such other address as the party shall from time to time specify):

If to the Company, to:

Comtech Telecommunications Corp.
305 N. 54th Street
Chandler, AZ 85226
Attention: Secretary

If to you, to the address indicated after your signature at the end of this Agreement.

7. **Restrictions on Transfer Withholding.** The Participant shall not sell, negotiate, transfer, pledge, hypothecate, assign, encumber, anticipate As a condition precedent to the issuance or otherwise dispose delivery of the Performance Unit Award Stock, the Company or Performance Units, and an Affiliate will withhold whole shares of Stock which would otherwise be delivered to you having an aggregate Fair Market Value, determined as of the date on which such Performance Unit Award and Performance Units withholding obligation arises, equal to the amounts that the Company (or an Affiliate) determines is required, under all applicable federal, state, local, foreign or other laws or regulations, to be withheld or paid over as income or other withholding taxes (the "Required Tax Payments"); provided, however, that if you elect in accordance with the Company's Plan administration rules within sixty (60) days prior the delivery of the Stock then you may instead pay to the Company any such Required Tax Payments in cash. Shares of Stock withheld may not have a Fair Market Value in excess of the amount determined by applying the maximum individual statutory tax rate in your jurisdiction; provided that the Company shall not be subject permitted to attachment or garnishment by creditors limit the number of Participant or Participant's beneficiaries (if any), except shares so withheld to a lesser number if necessary, as specifically permitted determined by the Plan and this Agreement, and only Company, to avoid adverse accounting consequences or for administrative convenience; provided, however, that if a fraction of a share of Stock would be required to satisfy the maximum individual statutory rate in your jurisdiction, then the number of shares of Stock to be withheld may be rounded up to the extent permitted

under Code Section 409A. Any attempted Transfer in violation next nearest whole share of this Agreement and the Plan Stock. No certificate representing a share of Stock shall be void and of no effect. delivered until the Required Tax Payments have been satisfied in full.

8. **Not an Employment Agreement Securities Representations.** Neither The grant of the execution of this Agreement nor Award and the issuance of shares of Stock pursuant hereto shall be subject to, and in compliance with, all applicable requirements of federal, state or foreign securities law. No Stock may be issued hereunder if the Performance Unit issuance of such shares would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which such shares may then be listed. As a condition to the grant of the Award, the Company may require you to satisfy any qualifications that may be necessary or cash payments hereunder constitute an agreement appropriate to evidence compliance with any applicable law or regulation.

Exhibit 10(v)(3)

The shares of Stock are being issued to you and this Agreement is being made by the Company in reliance upon the following express representations and warranties. By accepting this Award, you acknowledge, represent and warrant that:

- (a) You have been advised that you may be an "affiliate" within the meaning of Rule 144 under the Securities Act of 1933, as amended (the "Act") and in this connection the Company is relying in part on your representations set forth in this section.
- (b) If you are deemed to employ be an affiliate within the meaning of Rule 144 of the Act, the shares of Stock issued to you must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a "re-offer prospectus") with regard to continue such shares of Stock and the Company is under no obligation to employ register the Participant during shares (or to file a "re-offer prospectus").
- (c) If you are deemed to be an affiliate within the entire, meaning of Rule 144 of the Act, you understand that the exemption from registration under Rule 144 will not be available unless (i) a public trading market then exists for the Stock, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any portion exemption therefrom are complied with; and that any sales of the term shares of this Agreement. Stock may be made only in limited amounts in accordance with such terms and conditions.

9. **Power of Attorney.** The Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of the Participant you for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments which such attorney-in-fact may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. The Participant Company, as attorney-in-fact for you, may in your name and stead, make and execute all conveyances, assignments and transfers of Stock and property provided for herein, and you hereby ratifies ratify and confirms confirm that which the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Participant you shall, if so requested by the Company, execute and deliver to the Company all such instruments as may, in the judgment of the Company, be advisable for this purpose.

10. **Withholding.** The Participant acknowledges that the Participant is solely responsible for all applicable foreign, federal, state, and local taxes with respect to the Performance Unit Award and the payments thereunder and cash payment to be made to Participant pursuant to the terms of this Award shall be reduced by an amount necessary to satisfy the applicable withholding taxes and required deductions. The Company will withhold taxes (e.g., federal, state and local taxes, including payroll taxes) in an amount at least equal to the statutory minimum taxes required to be withheld; provided, however, at the Participant's advance election the participant may request the Company withhold additional amounts up to the Participant's maximum individual tax rate in each relevant jurisdiction applicable to the Participant at such time of withholding.

11. Miscellaneous.

11.1.(a) **Successors.** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, personal legal representatives, successors, trustees, administrators, distributees, devisees and legatees. The Company may assign to, and require, any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or any affiliate by to which the Participant is employed you are rendering services to expressly assume and agree in writing to perform this Agreement. Notwithstanding the foregoing, the Participant you may not assign this Agreement.

11.2.

(b) **Corporate Actions.** This **award** Award shall not affect in any way the right or power of the Performance Board or stockholders of the Company to make or authorize an adjustment, recapitalization or other change in the capital structure or the business of the Company, any merger or consolidation of the Company or subsidiaries, any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Stock, the dissolution or liquidation of the Company, any sale or transfer of all or part of its assets or business or any other corporate act or proceeding. The shares of Stock granted hereunder shall be subject to adjustment in accordance with Section 5.7 of the Plan.

(c) **Entire Agreement and Amendment.** This Agreement and the Plan constitute the entire agreement of the parties with respect to the shares of Stock subject to this Award and supersede in their entirety all prior undertakings and agreements of the Company and you with respect to such Stock. No modification or waiver of any of the provisions of this Agreement that is material and adverse to you shall be effective unless in writing and signed by both parties.

(d) **Waiver.** The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(e) **Partial Invalidity.** The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

(f) **Governing Law.** This Agreement shall be construed, interpreted and governed and the legal relationships of the parties determined in accordance with the internal laws of the State of Delaware without reference to rules relating to conflicts of law.

(g) **Clawback.** You acknowledge that you are subject to any clawback policy of the Company in effect as of the Grant Date or that is adopted after the Grant Date in order to comply with applicable law, including, without limitation, any policy adopted to comply with The Dodd-Frank Wall Street Reform and Consumer Protection Act.

11. **Right to Terminate Employment or Service.** Neither the Plan nor the grant of the Award hereunder shall impose any obligations on the Company or an Affiliate and/or the stockholders of the Company to retain you as an employee or other service provider, nor shall it impose any obligation on your part to remain as an employee or other service provider of the Company or an Affiliate.

12. **Agreement and Grant Not Effective Unless Accepted.** By selecting the "Accept" button below you (i) agree to enter into this Agreement electronically, (ii) agree to the terms and conditions of the Agreement and (iii) acknowledge receipt of a copy of the Plan. Until you select the "Accept" button below, this Award shall not be effective, and if you do not select the "Accept" button within 90 days from the date the Agreement is made available to you electronically this Award is subject to cancellation, in which case, the Award shall be null and void upon such cancellation.

###EMPLOYEE_GRANT_NUMBER###

RESTRICTED STOCK UNIT AGREEMENT PURSUANT TO THE COMTECH TELECOMMUNICATIONS CORP. 2023 EQUITY AND INCENTIVE PLAN

Dear ###PARTICIPANT_NAME###:

Preliminary Statement

As a non-employee director of Comtech Telecommunications Corp. (the "Company"), pursuant to Section 3.1 of the Comtech Telecommunications Corp. 2023 Equity and Incentive Plan (the "Plan") and/or (ii) your election made in accordance with Section 5.9 of the Plan, you were granted on **###GRANT_DATE###** (the "Grant Date"), pursuant to the terms of the Plan and this Restricted Stock Unit Agreement (this "Agreement"), the number of Restricted Stock Units (the "RSUs") set forth below. Each RSU represents one (1) share of the Company's common stock, \$0.10 par value per share (the "Common Stock"), subject to the terms and conditions of the Plan and this Agreement.

The terms of the grant are as follows:

1. **Grant of RSUs.** Subject in all respects to the Plan and the terms and conditions set forth herein and therein, on the Grant Date you were granted **###TOTAL_AWARDS###** RSUs (the "Award").

2. **Vesting.** The Award shall vest in full on the one-year anniversary of the Grant Date; provided that you have not incurred a Termination of Directorship (as defined below) prior to the such vesting date. Notwithstanding the foregoing, the Award shall become fully vested prior to your Termination of Directorship upon (i) your death or (ii) a Change in Control. The date that an RSU becomes vested shall be referred to herein as the "Vesting Date".

There shall be no proportionate or partial vesting in the period prior to the Vesting Date and all vesting shall occur only on the Vesting Date.

3. **Payment.** Subject to the terms of this Agreement and the Plan, you (or your estate, to the extent applicable) shall receive one share of Common Stock with respect to each vested RSU subject to the Award within sixty (60) days of your Termination of Directorship (such date of settlement, the "Settlement Date").

Exhibit 10(v)(4)

4. **Dividend Equivalents.** Any dividends paid on shares of Common Stock underlying an RSU prior to the Settlement Date for such RSU shall be credited to a dividend book entry account on your behalf (any such credited amount, a "Dividend Equivalent"). Any cash Dividend Equivalents shall not be deemed to be reinvested in shares of Common Stock and will be held uninvested and without interest or earnings. Your right to receive any Dividend Equivalents with respect to cash dividends shall vest only if and when the related RSU vests, and an amount equal to such cash dividends shall be paid to you in cash on the Settlement Date on which the related RSU is settled. Your right to receive any Dividend Equivalents with respect to dividends of Common Stock shall vest only if and when the related RSU vests, and on the applicable Settlement Date on which the related RSU is settled you will receive additional shares of Common Stock in an amount equal to such Dividend Equivalents, with any fractional shares rounded to the nearest whole share. Prior to the payment thereof, any Dividend Equivalents will be encompassed within the term "Award" with respect to the relevant RSUs.

5. **Termination.** Except as otherwise provided in Section 2 hereof, any RSUs (including any Dividend Equivalents credited thereupon) that are not vested upon your Termination of Directorship shall, upon such Termination of Directorship, terminate and be forfeited in their entirety as of the date of such Termination of Directorship. For purposes of this Agreement, "Termination of Directorship" means that you have ceased to be a director of the Company; provided, that in the event that you cease to serve as a director but simultaneously commence service as an employee, consultant, independent contractor or agent of the Company or one of its Affiliates, a Termination of Directorship shall not be deemed to occur until such time as such you are no longer an employee, consultant, independent contractor or agent of the Company or one of its Affiliates. For the avoidance of doubt, a Termination of Directorship shall not be deemed to have occurred until such time as you have incurred a "separation from service" as defined in Section 409A of the Code and the regulations thereunder.

6. **Detrimental Activity.** In the event you engage in Detrimental Activity prior to, or during the one year period following the later of your Termination of Directorship or any vesting of RSUs, the Board may direct (at any time within one year thereafter) that all unvested RSUs and all vested but unpaid RSUs (including any Dividend Equivalents credited thereupon) shall be immediately forfeited to the Company and that you shall pay over to the Company the amount realized from any RSUs or any Common Stock or Dividend Equivalents paid in connection therewith.

7. **Restriction on Transfer.** Unless otherwise approved by the Committee, the Award is not transferable other than by will or by the laws of descent and distribution. In addition, unless otherwise approved by the Committee, the Award shall not be sold, transferred, assigned, pledged, encumbered, hypothecated or otherwise disposed of (whether by operation of law or otherwise), and the Award shall not be subject to execution,

attachment or similar process. Upon any attempt to sell, transfer, assign, pledge, encumber, hypothecate or otherwise dispose of all or part of the Award or in the event of any levy upon the Award by reason of any execution, attachment or similar process contrary to the provisions hereof not otherwise approved by the Committee, the Award and all rights thereunder shall immediately become null and void.

Exhibit 10(v)(4)

8. **Rights as a Stockholder.** Except as otherwise specifically provided herein, you shall have no rights as a stockholder with respect to any shares of Common Stock covered by the Award unless and until you have become the holder of record of the shares of Common Stock.

9. **Rights as a Participant.** Except as otherwise specifically provided herein, you shall have no right to receive any new award or share of Common Stock covered by any new award once you no longer qualify as a participant under the Plan.

10. **Provisions of Plan Control.** This grant is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions of the Plan, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee or the Board and as may be in effect from time to time. Any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan. The Plan is incorporated herein by reference. If and to the extent that this grant conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this grant shall be deemed to be modified accordingly.

11. **Notices.** Any notice or communication given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, or by United States mail, to the appropriate party at the address set forth below (or such other address as the party shall from time to time specify):

If to the Company, to:

Comtech Telecommunications Corp.
305 N. 54th Street
Chandler, AZ 85226
Attention: Secretary

If to you, to the address indicated at the end of this Agreement.

12. **Securities Representations.** The grant of the Award and the issuance of cash payments shares of Common Stock upon settlement of the Award shall be subject to, and in compliance with, all applicable requirements of federal, state or foreign securities law. No shares of Common Stock may be issued hereunder if the issuance of such shares would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which such shares may then be listed. As a condition to the settlement of the Award, the Company may require you to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation.

Exhibit 10(v)(4)

The shares of Common Stock are being issued to you and this Agreement is being made by the Company in reliance upon the following express representations and warranties. By accepting this Award, you acknowledge, represent and warrant that:

a. You have been advised that you may be an "affiliate" within the meaning of Rule 144 under the Securities Act of 1933, as amended (the "Act") and in this connection the Company is relying in part on your representations set forth in this section.

b. If you are deemed to be an affiliate within the meaning of Rule 144 of the Act, the shares of Common Stock issued to you must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a "re-offer prospectus") with regard to such shares of Common Stock and the Company is under no obligation to register the shares (or to file a "re-offer prospectus").

c. If you are deemed to be an affiliate within the meaning of Rule 144 of the Act, you understand that the exemption from registration under Rule 144 will not be available unless (i) a public trading market then exists for the Common Stock, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with; and that any sales of the shares of Common Stock may be made only in limited amounts in accordance with such terms and conditions.

13. Power of Attorney. The Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of you for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments which such attorney-in-fact may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. The Company, as attorney-in-fact for you, may in your name and stead, make and execute all conveyances, assignments and transfers of Common Stock and property provided for herein, and you hereby ratify and confirm that which the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, you shall, if so requested by the Company, execute and deliver to the Company all such instruments as may, in the judgment of the Company, be advisable for this purpose.

14. Miscellaneous.

a. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, personal legal representatives, successors, trustees, administrators, distributees, devisees and legatees. The Company may assign to, and require, any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or any affiliate to which you are rendering services to expressly assume and agree in writing to perform this Agreement. Notwithstanding the foregoing, you may not assign this Agreement.

Exhibit 10(v)(4)

b. This Award shall not affect in any way the right or power of the Board or stockholders of the Company to make or authorize an adjustment, recapitalization or other change in the capital structure or the business of the Company, any merger or consolidation of the Company or subsidiaries, any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, the dissolution or liquidation of the Company, any sale or transfer of all or part of its assets or business or any other corporate act or proceeding. **Performance Units and Earned Units** The RSUs granted hereunder shall be subject to adjustment in accordance with Section 4.2(b) 5.7 of the Plan. For clarity, ordinary dividends on Common Stock will not trigger adjustments to Performance Units and Earned Units, and any adjustments to Performance Units and Earned Units shall take into account dividend equivalents credited thereon under Section 5.

Exhibit 10(e)(2)

11.3. The Participant agrees that the award of the Performance Unit Award under this **agreement** of a cash payment hereunder is special incentive compensation the parties with respect to this Award of RSUs and that the Performance Unit Award (even if treated as compensation for tax purposes) will not be taken into account as "salary" or "compensation" or "bonus" supersedes in determining the amount of any payment under any pension, retirement or profit-sharing plan their entirety all prior undertakings and agreements of the Company or any life insurance, disability or other benefit plan of the Company.

11.4. and you with respect to such Award. No modification or waiver of any of the provisions of this Agreement that is material and adverse to the Participant you shall be effective unless in writing and signed by the party against whom it is sought to be enforced. both parties.

11.5. d. The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

11.6. e. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

f. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall in no way restrict or modify any of the terms or provisions hereof.

11.7. All notices, consents, requests, approvals, instructions and other communications provided for herein shall be in writing and validly given or made when delivered, or on the second succeeding business day after being mailed by registered or certified mail, whichever is earlier, to the persons entitled or required to receive the same, at the addresses set forth at the heading of this Agreement or to such other address as either party may designate by like notice. Notices to the Company shall be addressed to the Compensation Committee of the Board.

11.8. g. This Agreement shall be construed, interpreted and governed and the legal relationships of the parties determined in accordance with the internal laws of the State of Delaware without reference to rules relating to conflicts of law.

11.9. The right 15. Right to receive each payment Terminate Directorship. Neither the Plan nor the grant of Earned Units the Award hereunder shall impose any obligations on the Company or an Affiliate and/or the stockholders of the Company to retain you as a director or other service provider, nor shall it impose any obligation on your part to remain as a director or other service provider of the Company or an Affiliate.

Exhibit 10(v)(4)

16. Section 409A of the Code. This Award is intended to comply with Section 409A of the Code, and shall be treated as a separate award interpreted and construed accordingly. To the extent this Agreement provides for purposes the Award to become vested and be settled upon your termination of employment or service, the applicable shares of Common Stock shall be transferred to you or your beneficiary upon your "separation from service," within the meaning of Section 409A of the Code. Code; provided that if you are a "specified employee," within the meaning of Section 409A of the Code, then to the extent the Award constitutes nonqualified deferred compensation, within the meaning of Section 409A of the Code, such shares of Common Stock shall be transferred to you or your beneficiary upon the earlier to occur of (i) the six-month anniversary of such separation from service and (ii) the date of your death.

12.17. Agreement and Grant Not Effective Unless Accepted. By selecting the "Accept" button below you (i) agree to enter into this Agreement electronically, (ii) agree to the terms and conditions of the Agreement and (iii) acknowledge receipt of a copy of the Plan. Until you select the "Accept" button below, this Award shall not be effective, and if you do not select the "Accept" button within 90 days from the date the Agreement is made available to you electronically this Award is subject to cancellation, in which case, the Award shall be null and void upon such cancellation.

Exhibit 10(v)(5)

**RESTRICTED STOCK AWARD AGREEMENT PURSUANT TO THE COMTECH TELECOMMUNICATIONS CORP. 2023 EQUITY
AND INCENTIVE PLAN**

Dear ###PARTICIPANT_NAME###:

Preliminary Statement

As a non-employee director of Comtech Telecommunications Corp. (the "Company"), pursuant to Section 3.1 of the Comtech Telecommunications Corp. 2023 Equity and Incentive Plan (the "Plan"), you were granted on ###GRANT_DATE### (the "Grant Date"), pursuant to the terms of the Plan and this Restricted Stock Award Agreement (this "Agreement"), the number of shares of Restricted Stock set forth below.

The terms of the grant are as follows:

1. **Grant of Restricted Stock.** Subject in all respects to the Plan and the terms and conditions set forth herein and therein, on the Grant Date you were granted ###TOTAL_AWARDS### shares of Restricted Stock (the "Award").
2. **Vesting.** The Award shall vest in full on the one-year anniversary of the Grant Date; provided that you have not incurred a Termination of Directorship (as defined below) prior to such vesting date. Notwithstanding the foregoing, the Award shall become fully vested prior to your Termination of Directorship upon (i) your death or (ii) a Change in Control. The date that a share of Restricted Stock becomes vested shall be referred to herein as the "Vesting Date".

There shall be no proportionate or partial vesting in the period prior to the Vesting Date and all vesting shall occur only on the Vesting Date.

3. **Dividend Equivalents.** Any dividends which would have been paid on shares of Restricted Stock but for the restrictions thereon prior to the Vesting Date shall be credited to a dividend book entry account on your behalf (any such credited amount, a "Dividend Equivalent"). Any cash Dividend Equivalents shall not be deemed to be reinvested in shares of Common Stock and will be held uninvested and without interest or earnings. Your right to receive any Dividend Equivalents with respect to cash dividends shall vest only if and when the related Restricted Stock vests, and an amount equal to such cash dividends shall be paid to you in cash on the Vesting Date on which the Restricted Stock vests. Your right to receive any Dividend Equivalents with respect to dividends of Common Stock shall vest only if and when the related Restricted Stock vests, and on the applicable Vesting Date you will receive additional shares of Common Stock in an amount equal to such Dividend Equivalents, with any fractional shares rounded to the nearest whole share. Prior to the payment thereof, any Dividend Equivalents will be encompassed within the term "Award" with respect to the relevant shares of Restricted Stock.

4. **Termination.** Except as otherwise provided in Section 2 hereof, any shares of Restricted Stock (including any Dividend Equivalents credited thereupon) that are not vested upon your Termination of Directorship shall, upon such Termination of Directorship, terminate and be forfeited in their entirety as of the date of such Termination of Directorship. For the purposes of this Agreement, "Termination of Directorship" means that you have ceased to be a director of the Company; provided, that in the event that you cease to serve as a director but simultaneously commence service as an employee, consultant, independent contractor or agent of the Company or one of its Affiliates, a Termination of Directorship shall not be deemed to occur until such time as such you are no longer an employee, consultant, independent contractor or agent of the Company or one of its Affiliates.

5. **Detrimental Activity.** In the event you engage in Detrimental Activity prior to, or during the one year period following, the later of your Termination of Directorship or any vesting of shares of Restricted Stock, the Board may direct (at any time within one year thereafter) that all shares of Common Stock delivered to you pursuant to this Agreement (whether vested or unvested) shall be immediately forfeited to the Company and that you shall pay over to the Company the amount realized from the Restricted Stock or any Dividend Equivalents paid in connection therewith.

6. **Restriction on Transfer.** Unless otherwise approved by the Committee, the Award (including the underlying Restricted Stock and any associated Dividend Equivalents) is not transferable prior to vesting other than by will or by the laws of descent and distribution. In addition, unless

otherwise approved by the Committee, the Award shall not be sold, transferred, assigned, pledged, encumbered, hypothecated or otherwise disposed of (whether by operation of law or otherwise), and the Award shall not be subject to execution, attachment or similar process. Upon any attempt to sell, transfer, assign, pledge, encumber, hypothecate or otherwise dispose of all or part of the Award or in the event of any levy upon the Award by reason of any execution, attachment or similar process contrary to the provisions hereof not otherwise approved by the Committee, the Award and all rights thereunder shall immediately become null and void.

7. **Rights as a Stockholder.** Stockholder The. Subject to the terms and conditions set forth herein, you shall have, with respect to your shares of Restricted Stock, all of the rights of a holder of shares of Common Stock of the Company including, without limitation, the right to vote such shares, the right to receive dividends, and the right to participate in any capital adjustment applicable to all holders of Common Stock; provided, however, that you shall not have the right to receive any dividends with respect to your shares of Restricted Stock unless and until your shares of Restricted Stock vest. If and when your shares of Restricted Stock vest, the certificates for such shares shall be delivered to you. All legends shall be removed from said certificates at the time of delivery to you except as otherwise required by applicable law.

8. **Rights as a Participant.** Except as otherwise specifically provided herein, you shall have no rights right to receive any new award or share of Common Stock covered by any new award once you no longer qualify as a stockholder pursuant to this Agreement. participant under the Plan.

13.9. **Provisions of Plan Control.** This Agreement grant is subject to all the terms, conditions and provisions of the Plan, including, without limitation, Section 17.13 the amendment provisions of the Plan, (Section 409A of the Code), the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee or the Board and as may be in effect from time to time. The Plan is incorporated herein by reference. A copy of the Plan has been delivered to the Participant. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, unless this Agreement expressly provides otherwise, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. Unless otherwise indicated, any Any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan. This Agreement contains The Plan is incorporated herein by reference. If and to the entire understanding extent that this grant conflicts or is inconsistent with the terms, conditions and provisions of the parties with respect Plan, the Plan shall control, and this grant shall be deemed to be modified accordingly.

10. **Notices.** Any notice or communication given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, or by United States mail, to the subject matter hereof (other than any other documents expressly contemplated herein or in the Plan) and supersedes any prior agreements between the Company and the Participant.

14. **Agreement and Grant Not Effective Unless Accepted.** By selecting the "Accept" button below you agree (i) to enter into this Agreement electronically, and (ii) to the terms and conditions of the Agreement. Until you select the "Accept" button below, this Award shall not be effective. If you do not select the "Accept" button within 14 days from the date the Agreement is made available to you electronically this Award may be null and void appropriate party at the sole discretion of the Company.

Exhibit 10(e)(2)

Address

COMTECH TELECOMMUNICATIONS CORP.

Employee Number

Grant Name

APPENDIX A

CASH-SETTLED PERFORMANCE UNIT AWARD AGREEMENT
Performance Goal and Corresponding Earned Performance Units
Under the Comtech Telecommunications Corp.
2000 Stock Incentive Plan, as Amended

Fiscal 2024 -2026 Performance Period

The Participant shall earn Performance Units in accordance with the provisions set forth below with any earned Performance Units constituting Earned Units under (or such other address as the Participant's Cash-Settled Performance Unit Award Agreement of which this Appendix is a part (the "Performance Unit Agreement"). Capitalized terms in this Appendix shall have the meanings as defined in the Performance Unit Agreement, from time to time specify):

Participant's Target Performance Units will be allocated if to the Performance Goals (as defined below) as follows: Company, to:

1) Comtech Telecommunications Corp. Revenue Units. 1/3 of the Participant's Target Performance Units will be allocated
 305 N. 54th Street
 Chandler, AZ 85226
 Attention: Secretary

If to you, to the Company's achievement of GAAP Revenue (as defined below) ("Revenue Units");

- 2) EBITDA Units. 1/3 of the Participant's Target Performance Units will be allocated to the Company's achievement of Adjusted EBITDA (as defined below) ("EBITDA Units"); and
- 3) TSR Units. 1/3 of the Participant's Target Performance Units will be allocated to the Company's achievement of TSR (as defined below) ("TSR Units").

The number of Performance Units earned by Participant for the Full Three-Year Performance Period shall be determined as of July 31, 2026, as follows:

- The Revenue Units may be earned based on the Company's cumulative GAAP revenues in fiscal years 2024-2026 as reflected in the Company's annual financial statement for the Applicable Performance Period ("GAAP Revenue");
- The EBITDA Units may be earned based on the Company's Adjusted EBITDA for fiscal years 2024-2026; and
- The TSR Units may be earned based on the Company's achievement of TSR for fiscal years 2024-2026 (TSR, together with Adjusted EBITDA and GAAP Revenue, the "Performance Goals").

Performance Criteria for Full Three-Year Performance Period	Threshold	Target	Maximum
Fiscal 2024-2026 GAAP Revenue			
Fiscal 2024-2026 Adjusted EBITDA			
Fiscal 2024-2026 TSR			

Notwithstanding the foregoing, the earning of the Performance Units shall accelerate (reducing the number of unearned Performance Units) prior to address indicated after your signature at the end of the Full Three-Year Performance Period determined as of July 31, 2024 and July 31, 2025, respectively, as follows: this Agreement.

33% 11. Securities Representations. The grant of the Revenue Units, EBITDA Units, Award and TSR Units the issuance of shares of Restricted Stock pursuant hereto shall be subject to, accelerated earning based on and in compliance with, all applicable requirements of federal, state or foreign securities law. No shares of Restricted Stock may be issued hereunder if the issuance of such shares would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which such shares may then be listed. As a condition to the grant of the Award, the Company may require you to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation.

The shares of Restricted Stock are being issued to you and this Agreement is being made by the Company in reliance upon the following grid:

Performance Criteria for First Applicable Performance Period	Threshold	Target	Maximum
Fiscal 2024 GAAP Revenue			
Fiscal 2024 Adjusted EBITDA			
Fiscal 2024 TSR			

Up to a total of 66% of the Revenue Units, EBITDA Units express representations and TSR Units shall be subject to accelerated earning based on the following grid:

Performance Criteria for Second Applicable Performance Period	Threshold	Target	Maximum
Fiscal 2024-2025 GAAP Revenue			
Fiscal 2024-2025 Adjusted EBITDA			
Fiscal 2024-2025 TSR			

Participant shall earn 50% of the applicable percentage of eligible Target Performance Units for "Threshold Performance," 100% of the applicable percentage of eligible Target Performance Units for "Target Performance," and 200% of the applicable percentage of eligible Target Performance Units for "Maximum Performance." Participant shall earn 0% of the applicable percentage of eligible Target Performance Units for performance that is less than Threshold Performance. In the event of achievement of a Performance Goal between performance levels, the number of Earned Units will be determined based upon linear interpolation. In calculating the number of Earned Units for the Full Three-Year Performance Period or for the Second Applicable Performance Period, the number of Earned Units, and the Performance Units deemed earned with respect to the prior Applicable Performance Period(s) will be subtracted.

For purposes of this Appendix A, "Adjusted EBITDA" shall be calculated as earnings before interest, income taxes, depreciation and amortization of intangibles, stock-based compensation, costs associated with exit or disposal activities under FASB ASC Topic 420, impairment loss on goodwill or long-lived intangibles under FASB ASC Topics 350 and 360, expenses relating to a potential or actual Change in Control (as defined in Section 14.2 of the Plan), including expenses associated with an actual or potential proxy contest, expenses in connection with a potential or actual purchase business combination, including the write-off of purchased in-process research and development under FASB ASC Topic 805, or other related accounting literature, expenses

associated with termination of employees under FASB ASC Topics 420, 712, or 715, or other related accounting literature, any adjustment to income before provision of income taxes as required by adoption of a new accounting standard, and any extraordinary item. Adjusted EBITDA shall be calculated in a manner consistent with the adjusted EBITDA non-GAAP operating metric used by management in assessing the Company's operating results.

For Purposes of this Appendix A, "Comparison Group" means the Company and each other company in the S&P 600 as of the Grant Date. Companies shall be removed from the Comparison Group if they cease to be publicly traded during the Applicable Performance Period (other than due to bankruptcy);

For purposes of this Appendix A, "TSR" means total shareholder return as applied to the Company or any company in the Comparison Group, meaning stock price appreciation from the beginning to the end of the Applicable Performance Period, plus dividends and distributions made or declared (assuming such dividends or distributions are deemed reinvested, as of the ex-dividend date, in the common stock of the Company or any company in the Comparison Group) during the Applicable Performance Period, expressed as a percentage return. For purposes of computing TSR, the stock price at the beginning and end of the Applicable Performance Period will be the average price of a share of common stock over the 20 trading days ending on the first or last day of the Applicable Performance Period, as applicable, adjusted for changes in capital structure; provided, however, that TSR will be negative one hundred percent (-100%) if a company: (i) filed for bankruptcy, reorganization, or liquidation under any chapter of the U.S. Bankruptcy Code; (ii) is the subject of an involuntary bankruptcy proceeding that is not dismissed within 30 days; (iii) is the subject of a stockholder approved plan of liquidation or dissolution; or (iv) ceases to conduct substantial business operations.

The number of Performance Units earned based on TSR shall be determined by the Board or its designee as follows:

1. For the Company and for each other company in the Comparison Group, the Board shall determine the TSR for the Applicable Performance Period;
2. The Board shall rank the TSR values by ordering the Comparison Group members (plus the Company if the Company is not one of the Comparison Group members at the time) from highest to lowest based on TSR for the Applicable Performance Period and counting down from the company with the highest TSR (ranked first) to the Company's position on the list. If two companies are ranked equally, the ranking of the next company shall account for the tie, so that if one company is ranked first, and two companies are tied for second, the next company is ranked fourth. In determining the Company's TSR percentile rank for the Applicable Performance Period, in the event that the Company's TSR for the Applicable Performance Period is equal to the TSR(s) of one or more other Comparison Group members for the same period, the Company's TSR percentile ranking will be determined by ranking the Company's TSR for that period as being greater than such other Comparison Group members. After this ranking, the TSR percentile rank will be calculated using the following formula, rounded to the nearest whole percentile by application of regular rounding:

$$\text{TSR Percentile Rank} = [(N-R)/(N-1)] \times 100$$

Where "N" represents the number of Comparison Group members for the relevant Applicable Performance Period (plus the Company if the Company is not one of the Comparison Group members for that Applicable Performance Period).

Where "R" represents the Company's ranking among the Comparison Group members (plus the Company if the Company is not one of the Comparison Group members for the Applicable Performance Period).

For example, if the Company ranks seventh and there are sixteen companies in the Comparison Group (including the Company), the Company's percentile rank will be 60%, which is equal to $[(16-7)/(16-1)] \times 100$.

3. The Board shall plot the percentile rank for the Company determined in the second step above into the appropriate percentage rank listed in the table above and determine the number of shares earned, if any, as a percent of target.

Notwithstanding the foregoing, if the Company's absolute TSR is negative over any Applicable Performance Period, payout shall not exceed 100% of the applicable percentage of eligible Target Performance Units for such Applicable Performance Period.

In connection with the death or Disability of the Participant or 409A Change in Control of the Company during the Full Three-Year Performance Period, the Committee shall (if required by the Performance Unit Agreement) calculate a "Projected Performance Level" as the level of performance that would have been achieved over the Full Three-Year Performance Period if the rate of performance of each performance criteria from the beginning of the Full Three-Year Performance Period through the end of the fiscal quarter in which the Participant's death or Disability or the 409A Change in Control occurred had been sustained through the remaining fiscal quarters of the Full Three-Year Performance Period. If such death or Disability of the Participant or 409A Change in Control occurs after the Full Three-Year Performance Period but prior to the Final Certification Date, the Projected Performance Level shall be the actual performance level achieved for the Full Three-Year Performance Period.

Determinations of the Committee regarding the level of achievement of the GAAP Revenue goals, the Adjusted EBITDA goals, and the TSR goals (including in connection with determining a Projected Performance Level), and the resulting Performance Units earned, and related matters, will be final and binding on the Participant.

Exhibit 10(i)(3)

COMTECH TELECOMMUNICATIONS CORP.
2000 Stock Incentive Plan

Other Stock-Based Award Agreement

Comtech Telecommunications Corp., a Delaware corporation (the "Company"), hereby grants to _____ (the "Holder"), as of [INSERT GRANT DATE] (the "Grant Date"), pursuant to the provisions of the Company's 2000 Stock Incentive Plan, as amended (the "Plan"), an Other Stock-Based Award (the "Award") pursuant to Article XI of the Plan and in full settlement of the non-equity incentive plan award earned by the Holder for the fiscal [YEAR] performance and service period and for [INSERT SHARE NUMBER] shares of the Company's Common Stock, \$0.10 par value per share ("Stock"), upon and subject to the restrictions, terms and conditions set forth in the Plan and this agreement (the "Agreement").

1. **Award Subject to Acceptance of Agreement.** By accepting this Award, the Holder agrees to abide by all administrative procedures established by the Company or its stock plan administrator, including any procedures requiring the Holder to notify the Company of any proposed sale of any Stock acquired pursuant to this Award. As of the Grant Date, the Company shall cause to you acknowledge, represent and warrant that:

(a) You have been advised that you may be issued in the Holder's name the total number of shares of Stock subject to the Award.

2. **Rights as a Stockholder.** The Holder shall have all rights as a holder of the Stock subject to the Award, including, without limitation, voting rights, the right to receive dividends and other distributions thereon, and the right to participate in any capital adjustment applicable to all holders of Stock.

3. **Investment Representation.** The Holder hereby represents and covenants that (a) any share of Stock acquired pursuant to this Award shall be acquired for investment and not with a view to the distribution thereof an "affiliate" within the meaning of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act") and in this connection the Company is relying in part on your representations set forth in this section.

(b) If you are deemed to be an affiliate within the meaning of Rule 144 of the Act.), the shares of Common Stock issued to you must be held indefinitely unless such acquisition has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by any applicable resale restrictions is available or the Company the Holder shall submit files an additional registration statement (or a written statement, in form

satisfactory "re-offer prospectus") with regard to such shares of Common Stock and the Company is under no obligation to the effect that such representation is true and correct as of the date of any sale of any such share. As a further condition precedent to the delivery to the Holder of any shares of Stock subject to the Award, the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance or delivery of register the shares and, in connection therewith, shall execute any documents which the Board shall in its sole discretion deem necessary or advisable.

4. Additional Terms and Conditions of Award.

1.1. Compliance with Applicable Law. The Award is subject (or to the condition that if the listing, registration or qualification of the shares of Stock subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as file a condition of, or in connection with, the delivery of shares hereunder, the shares of Stock subject to the Award shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action. "re-offer prospectus").

4887-9801-2532v.1

1.2. Delivery. (c) If you are deemed to be an affiliate within the meaning of Stock. Effective as Rule 144 of the Grant Date, Act, you understand that the exemption from registration under Rule 144 will not be available unless (i) a public trading market then exists for the Common Stock, (ii) adequate information concerning the Company shall deliver or cause to be delivered is then available to the Holder public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with; and that any sales of the shares of Common Stock subject to this Award. The Company shall pay all original issue or transfer taxes may be made only in limited amounts in accordance with such terms and all fees and expenses incident to such delivery conditions.

1.3. 12. Award Confers No Rights to Continued Service. In no event shall the granting Power of the Award or its acceptance by the Holder, or any provision of the Agreement or the Plan, give or be deemed to give the Holder any right to continued service with the Company, any Subsidiary or any affiliate of the Company.

1.4. Decisions of Board or Committee Attorney. The Board Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of you for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments which such attorney-in-fact may deem necessary or advisable to accomplish the Committee (as defined purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. The Company, as attorney-in-fact for you, may in your name and stead, make and execute all conveyances, assignments and transfers of Common Stock and property provided for herein, and you hereby ratify and confirm that which the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, you shall, if so requested by the Company, execute and deliver to the Company all such instruments as may, in the Plan) shall have judgment of the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or Company, be advisable for this Agreement shall be final, binding and conclusive. purpose.

1.5. 13. Successors Miscellaneous.

(a) This Agreement shall be binding upon and inure to the benefit of and be binding upon the parties hereto and their respective heirs, personal legal representatives, successors, trustees, administrators, distributees, devisees and legatees. The Company may assign to, and require, any successor (whether direct or successors indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or any affiliate to which you are rendering services to expressly assume and agree in writing to perform this Agreement. Notwithstanding the foregoing, you may not assign this Agreement.

(b) This Award shall not affect in any person way the right or persons who shall, upon the death power of the Holder, acquire Board or stockholders of the Company to make or authorize an adjustment, recapitalization or other change in the capital structure or the business of the Company, any rights merger or consolidation of the Company or subsidiaries, any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, the dissolution or liquidation of the Company, any sale or transfer of all or part of its assets or business or

any other corporate act or proceeding. The shares of Restricted Stock granted hereunder shall be subject to adjustment in accordance with this Agreement or the Plan.

1.6. Taxation. The Holder understands that the Holder is solely responsible for all tax consequences to the Holder in connection with this Award. The Company shall withhold whole shares of Stock which would otherwise be delivered to the Holder, having an aggregate Fair Market Value (as defined in the Plan) determined as of the date the obligation to withhold or pay taxes arises in connection with this Award. The Company will withhold taxes (e.g., federal, state and local taxes, including payroll taxes) in an amount at least equal to the statutory minimum taxes required to be withheld; provided, however, at the Participant's advance election the participant may request the Company withhold additional amounts up to the Participant's maximum individual tax rate in each relevant jurisdiction applicable to the Participant at such time of withholding. The Holder represents that the Holder has consulted with any tax consultants the Holder deems advisable in connection with the Award and that the Holder is not relying on the Company for any tax advice.

1.7. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Comtech Telecommunications Corp., Attn: Secretary, 68 South Service Road, Suite 230, Melville, New York, 11747, and if to the Holder, to the last known mailing address of the Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

1.8. Governing Law. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

1.9. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the

4887-9801-2532v.1

provisions of this Agreement and the Plan conflict, the Plan shall control. The Holder hereby acknowledges receipt of a copy Section 5.7 of the Plan.

1.10. Entire Agreement. (c) This Agreement and the Plan constitute the entire agreement of the parties with respect to the shares of Restricted Stock subject to this Award and supersede in their entirety all prior undertakings and agreements of the Company and the Holder you with respect to such shares Restricted Stock. No modification or waiver of Stock, any of the provisions of this Agreement that is material and may adverse to you shall be effective unless in writing and signed by both parties.

(d) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the Holder's interest except by means provision itself, or a waiver of a writing signed by the Company and the Holder any right under this Agreement.

1.11. Partial Invalidity. (e) The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

1.12. Amendment and Waiver. (f) The provisions headings of the sections of this Agreement may have been inserted for convenience of reference only and shall in no way restrict or modify any of the terms or provisions hereof.

(g) This Agreement shall be amended construed, interpreted and governed and the legal relationships of the parties determined in accordance with the internal laws of the State of Delaware without reference to rules relating to conflicts of law.

14. Right to Terminate Directorship. Neither the Plan nor the grant of the Award hereunder shall impose any obligations on the Company or waived only by an Affiliate and/or the written agreement stockholders of the Company and the Holder, and no course of conduct to retain you as a director or failure other service provider, nor shall it impose any obligation on your part to remain as a director or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

1.13. Clawback. The Holder acknowledges that the Holder is subject to any clawback policy other service provider of the Company or an Affiliate.

15. Legend. You shall be issued your shares of Restricted Stock as book entries by the transfer agent, as evidencing ownership of shares of Restricted Stock. Any such book entry shares shall be registered in effect as your name, and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

"The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance, disposal or charge of the Grant Date or that is adopted after shares of stock represented hereby are subject to the Grant Date in order to comply with applicable law.terms and conditions (including forfeiture) of the Comtech Telecommunications Corp. 2023 Equity and Incentive Plan (the "Plan") and a Restricted Stock Award Agreement (the "Agreement") entered into between the registered owner and the Company dated ###GRANT_DATE###. Copies of such Plan and Agreement are on file at the principal office of the Company."

4.14 16. Agreement and Grant Not Effective Unless Accepted. Accepted. By selecting the "Accept" "Accept" button below you (i) agree (i) to enter into this Agreement electronically, and (ii) agree to the terms and conditions of the Agreement. Agreement and (iii) acknowledge receipt of a copy of the Plan. Until you select the "Accept" "Accept" button below and accept the corresponding Irrevocable Stock Power (the "Stock Power"), this Award shall not be effective, and if you do not select the "Accept" "Accept" button and accept the corresponding Stock Power within 1490 days from the date the Agreement is made available to you electronically, this Award may be subject to cancellation, in which case, the Award shall be null and void at the discretion upon such cancellation.

IRREVOCABLE STOCK POWER

KNOW ALL PERSONS BY THESE PRESENTS, that ###PARTICIPANT_NAME### (the "Transferor"), for value received, has assigned and transferred, and by these presents does assign and transfer unto Comtech Telecommunications Corp., a Delaware corporation, (the "Company") ###TOTAL_AWARDS### shares of the Company common stock, par value \$0.10 per share, of the Company standing in the Transferor's name on the books of the Company, and does hereby constitute and appoint the Secretary of the Company, his true and lawful attorney, irrevocable for him and in his name and stead, to assign, transfer and set over said stock, and for that purpose, to make and execute all necessary acts of assignment and transfer, and one or more persons to substitute with like full power, hereby ratifying and confirming all that his said attorney, or the substitute or substitutes, shall lawfully do by virtue hereof.

By selecting the "Accept" button below you, ###PARTICIPANT_NAME###, agree (i) to execute this Irrevocable Stock Power (the "Stock Power") electronically, and (ii) to the terms and conditions of the Stock Power.

4887-9801-2532v.1

Exhibit 19

Comtech Public

Comtech Telecommunication Corp.

Insider Trading Policy

(from Standards of Business Conduct published in June 2024)

Confidential Information and Securities Law

"Insider trading" is the purchase or sale of a publicly traded security while in possession of important non-public information about the issuer of the security. "Tipping" is communicating such information to anyone who might use it to purchase or sell securities. No employee may engage in either insider trading or tipping.

Employees who have questions pertaining to the sale or purchase of Company securities under circumstances where confidential information or securities laws may be involved should consult with the Company's Corporate Chief Financial Officer or Corporate Compliance Officer. When in doubt, information obtained as an employee of the Company should be presumed to be important and not public.

To reduce the risk of inadvertent violations of securities laws, all persons who have been notified that they are subject to Section 16 of the Securities Exchange Act shall refrain from trading in the securities of the Company at all times other than certain periods ("window periods"). The window period shall, with respect to each fiscal quarter of the Company, begin on the second business day following the dissemination by the Company of a news release reporting its results of operations for the most recently concluded fiscal quarter and end ten calendar days before the end of the third month of the current fiscal quarter.

Anti-Hedging and Anti-Pledging Policy

It is inappropriate and undesirable for all executives, directors, officers and employees of Comtech to engage in hedging transactions that lock in the value of holdings in equity securities of Comtech.

All executives, directors, officers and employees of Comtech or any Business Unit of Comtech, and their designees, are prohibited from: (a) purchasing any financial instruments or engaging in any transactions that are designed to hedge or offset or have the effect of hedging or offsetting any decrease in the market value of equity securities of Comtech, including, without limitation, prepaid variable forward contracts, equity swaps, collars, exchange funds and transactions with economic consequences comparable to the foregoing financial instruments; and (b) pledging equity securities of Comtech as collateral for a loan, purchasing such securities on margin, or holding such securities in a margin account.

Any violation of this anti-hedging and anti-pledging policy may result in disciplinary action by the Company, including suspension without pay, loss of pay or bonus, demotion or other sanctions, dismissal for cause, and loss of severance benefits.

Comtech Public

DISCLAIMER**Subsidiaries of Comtech Telecommunications Corp.***

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO Subsidiaries FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING Comtech Satellite Network Technologies, Inc. Jurisdiction of Incorporation Comtech Mobile Datacom LLC (a subsidiary of Comtech Systems, Inc.) Delaware REPORT USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT Comtech Systems, Inc. Delaware OR OTHER DECISIONS. New York
Comtech Systems, Inc. (a subsidiary of TeleCommunication Systems, Inc.)
Comtech Satellite Network Technologies, Corp.
TeleCommunication Systems, Inc.
NextGen Communications, Inc. (a subsidiary of TeleCommunication Systems, Inc.)
Comtech Solacom Technologies, Inc.
Solacom Technologies (US), Inc.
Comtech NextGen LLC (a subsidiary of TeleCommunication Systems, Inc.)
Comtech UK Holdings Limited
CGC Technology Limited (a subsidiary of Comtech UK Holdings Limited)
Sheet Metal Precision Limited (a subsidiary of Comtech UK Holdings Limited)
NG-911, Inc.
Comtech Technologies, LLC

* Pursuant to Item 601(b)(21)(ii) of Regulation S-K, the names of other subsidiaries of Comtech are omitted because, considered in the aggregate, they would not constitute a significant subsidiary as of the end of the year covered by this report.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-269266, 333-228690, 333-166754, 333-143548, 333-125625, 333-51708 and 333-51708 333-276126 on Form S-8, and Registration Statements Nos. 333-266120 and 333-266122 on Form S-3 and Registration Statement No. 333-280839 on Form S-1 of our reports dated **October 12, 2023** October 30, 2024, relating to the consolidated financial statements and financial statement schedule of Comtech Telecommunications Corp., and the effectiveness of Comtech Telecommunications Corp.'s internal control over financial reporting appearing in this Annual Report on Form 10-K of Comtech Telecommunications Corp. for the year ended **July 31, 2023** July 31, 2024.

/s/ DELOITTE & TOUCHE LLP

Jericho, New York
October 12, 2023 30, 2024

CERTIFICATION PURSUANT TO

REFINITIV CORPORATE DISCLOSURES | www.refinitiv.com | Contact Us

186/191

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

**18 U.S.C. ss.1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, **Ken Peterman, John Ratigan**, certify that:

1. I have reviewed this annual report on Form 10-K of Comtech Telecommunications Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 12, 2023** October 30, 2024

/s/ **Ken Peterman John Ratigan**

Ken Peterman
Chairman of the Board John Ratigan
President and Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael A. Bondi, certify that:

1. I have reviewed this annual report on Form 10-K of Comtech Telecommunications Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 12, 2023** **October 30, 2024**

/s/ Michael A. Bondi
 Michael A. Bondi
 Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Comtech Telecommunications Corp. (the "Company") on Form 10-K for the fiscal year ended **July 31, 2023** **July 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, **Ken Peterman, Chairman of the Board, President and John Ratigan, Interim** Chief Executive Officer of the Company, certify that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **October 12, 2023** **October 30, 2024**

/s/ **Ken Peterman** **John Ratigan**
 Ken Peterman
 Chairman of the Board **John Ratigan**
 President and Chief Executive Officer

CERTIFICATION PURSUANT TO

**18 U.S.C. ss.1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Comtech Telecommunications Corp. (the "Company") on Form 10-K for the fiscal year ended **July 31, 2023** **July 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Bondi, Chief Financial Officer of the Company, certify that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **October 12, 2023** October 30, 2024

/s/ Michael A. Bondi

Michael A. Bondi
Chief Financial Officer

**COMTECH TELECOMMUNICATIONS CORP.
DODD-FRANK POLICY ON RECOUPMENT OF INCENTIVE COMPENSATION**

Introduction

The Compensation Committee (the "Compensation Committee") of the Board of Directors (the "Board") of Comtech Telecommunications Corp. (the "Company") has adopted this Dodd-Frank Policy on Recoupment of Incentive Compensation (this "Policy"), which provides for the recoupment of compensation in certain circumstances in the event of a restatement of financial results by the Company. This Policy shall be interpreted to comply with the requirements of U.S. Securities and Exchange Commission ("SEC") rules and Nasdaq Stock Market ("Nasdaq") listing standards implementing Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and, to the extent this Policy is in any manner deemed inconsistent with such rules, this Policy shall be treated as retroactively amended to be compliant with such rules.

Administration

This Policy shall be administered by the Compensation Committee. Any determinations made by the Compensation Committee shall be final and binding on all affected individuals. The Compensation Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy, in all cases consistent with the Dodd-Frank Act. The Board or Compensation Committee may amend this Policy from time to time in its discretion.

Covered Executives

This Policy applies to any current or former "executive officer," within the meaning of Rule 10D-1 under the Securities Exchange Act of 1934, as amended, of the Company or a subsidiary of the Company (each such individual, an "Executive"). This Policy shall be binding and enforceable against all Executives and their beneficiaries, executors, administrators, and other legal representatives.

Recoupment Upon Financial Restatement

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "Financial Restatement"), the Compensation Committee shall cause the Company to recoup from each Executive, as promptly as reasonably possible, any erroneously awarded Incentive-Based Compensation, as defined below.

1

No-Fault Recovery

Recoupment under this Policy shall be required regardless of whether the Executive or any other person was at fault or responsible for accounting errors that contributed to the need for the Financial Restatement or engaged in any misconduct.

Compensation Subject to Recovery; Enforcement

This Policy applies to all compensation granted, earned or vested based wholly or in part upon the attainment of any financial reporting measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in part from such measures, whether or not presented within the Company's financial statements or included in a filing with the SEC, including stock price and total shareholder return ("TSR"), including but not limited to performance-based cash, stock, options or other equity-based awards paid or granted to the Executive ("Incentive-Based Compensation"). Compensation that is granted, vests or is earned based solely upon the occurrence of non-financial events, such as base salary, restricted stock or options with time-based vesting, or a bonus awarded solely at the discretion of the Board or Compensation Committee and not based on the attainment of any financial measure, is not subject to this Policy.

In the event of a Financial Restatement, the amount to be recovered will be the excess of (i) the Incentive-Based Compensation received by the Executive during the Recovery Period (as defined below), based on the erroneous data and calculated without regard to any taxes paid or withheld, over (ii) the Incentive-Based Compensation that would have been received by the Executive had it been calculated based on the restated financial information, as determined by the Compensation Committee. For purposes of this Policy, "Recovery Period" means the three completed fiscal years immediately preceding the date on which the Company is required to prepare the Financial Restatement, as determined in accordance with the last sentence of this paragraph, or any transition period that results from a change in the Company's fiscal year (as set forth in Section 5608(b)(i)(D) of the Nasdaq Listing Rules). The date on which the Company is required to prepare a Financial Restatement is the earlier to occur of (A) the date the Board or a Board committee (or authorized officers of the Company if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Financial Restatement or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare a Financial Restatement.

For Incentive-Based Compensation based on stock price or TSR, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the Compensation Committee shall determine the amount to be recovered based on a reasonable estimate of the effect of the Financial Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received and the Company shall document the determination of that estimate and provide it to Nasdaq.

2

Incentive-Based Compensation is considered to have been received by an Executive in the fiscal year during which the applicable financial reporting measure was attained or purportedly attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

The Company may use any legal or equitable remedies that are available to the Company to recoup any erroneously awarded Incentive-Based Compensation, including but not limited to by collecting from the Executive cash payments or shares of Company common stock from or by forfeiting any amounts that the Company owes to the Executive.

No Indemnification

The Company shall not indemnify any Executive or pay or reimburse the premium for any insurance policy to cover any losses incurred by such Executive under this Policy.

Exceptions

The compensation recouped under this Policy shall not include Incentive-Based Compensation received by an Executive (i) prior to beginning service as an Executive or (ii) if he or she did not serve as an Executive at any time during the performance period applicable to the Incentive-Based Compensation in question. The Compensation Committee (or a majority of independent directors serving on the Board) may determine not to seek recovery from an Executive in whole or part to the extent it determines in its sole discretion that such recovery would be impracticable because (A) the direct expense paid to a third party to assist in enforcing recovery would exceed the recoverable amount (after having made a reasonable attempt to recover the erroneously awarded Incentive-Based Compensation and providing corresponding documentation of such attempt to Nasdaq), (B) recovery would violate the home country law that was adopted prior to November 28, 2022, as determined by an opinion of counsel licensed in the applicable jurisdiction that is acceptable to and provided to Nasdaq, or (C) recovery would likely cause the Company's 401(k) plan or any other tax-qualified retirement plan to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

Other Remedies Not Precluded

The exercise by the Compensation Committee of any rights pursuant to this Policy shall be without prejudice to any other rights or remedies that the Company, the Board or the Compensation Committee may have with respect to any Executive subject to this Policy.

Effective Date and Applicability

This Policy has been adopted by the Compensation Committee on November 10, 2023, and shall apply to any Incentive-Based Compensation that is received by an Executive on or after October 2, 2023.