



FREQUENCY ELECTRONICS, INC.

Frequency Electronics, Inc. Announces First Quarter Fiscal Year 2025 Financial Results

Sep 10, 2024

MITCHEL FIELD, N.Y., Sept. 10, 2024 (GLOBE NEWSWIRE) -- Frequency Electronics, Inc. ("FEI" or the "Company") (NASDAQ-FEIM) is reporting revenues for the first quarter ended July 31, 2024, of approximately \$15.1 million, compared to revenues of \$12.4 million, for the same period of fiscal year 2024, ended July 31, 2023. Operating income for the first quarter of fiscal year 2025 was \$2.4 million compared to operating income of \$2.1 million for the same period of fiscal year 2024. Net Income from operations was \$2.4 million or \$0.25 per diluted share compared to a net income from operations of \$2.0 million or \$0.22 per diluted share for the first quarter of fiscal year 2024.

FEI President and CEO, Tom McClelland commented, "Revenue for the first quarter of fiscal year 2025 increased by 22%, and operating income improved by 15% compared to the first quarter of fiscal year 2024. We believe profits and margins should continue to increase going forward, due to both our disciplined internal management as well as a strong product offering. The backlog of \$70 million at the end of the first quarter of fiscal year 2025 is down slightly from the high of \$78 million at the end of fiscal year 2024, but is up substantially from previous years, and represents a historically high value for the Company. This robust backlog is indicative of the strong business environment for our technology as well as our reinvigorated customer focused strategy combined with our commitment to bring faster, better solutions to market. We anticipate continued growth in new business during the current fiscal year ending April 30, 2025. The Company remains committed to achieving sustained profitability and strong cash generation going forward. I have never been more encouraged about our ability to provide important solutions that help to enhance our way of life, and to defend and protect our country and its allies."

Fiscal Year 2024 Selected Financial Metrics and Other Items

- For the three months ended July 31, 2024, revenues from satellite payloads were approximately \$8.3 million, or 55%, of consolidated revenues compared to approximately \$4.9 million, or 39%, for the same periods of the prior fiscal year.
- For the three months ended July 31, 2024, revenues for non-space U.S. Government/DOD customers were approximately \$6.3 million, or 42%, of consolidated revenues compared to approximately \$6.9 million, or 55%, for the same periods of the prior fiscal year.
- For the three months ended July 31, 2024, revenues from other commercial and industrial sales accounted for approximately \$0.5 million, or 4%, of consolidated revenues compared to approximately \$0.7 million, or 5%, for the same periods of the prior fiscal year.
- Net cash used in operating activities was approximately \$1.5 million in the first quarter of fiscal year 2025, compared to net cash used in operations of \$2.8 million for the same period of fiscal year 2024.
- Backlog at July 31, 2024 was approximately \$70 million compared to \$78 million at April 30, 2024.
- On July 22, 2024 the Company's Board of Directors declared a special cash dividend of \$1.00 per share of common stock. The special dividend was paid on August 29, 2024, to stockholders of record as of the close of business on August 8, 2024. The total amount of the special dividend payment was approximately \$9.6 million.

Investor Conference Call

As previously announced, the Company will hold a conference call to discuss these results on Tuesday, September 10, 2024, at 4:30 PM Eastern Time. Investors and analysts may access the call by dialing 1-888-506-0062. International callers may dial 1-973-528-0011. Callers should provide participant access code: 378096 or ask for the Frequency Electronics conference call. The archived call may be accessed by calling 1-877-481-4010 (domestic), or 1-919-882-2331 (international), for one week following the call (replay passcode: 51248). Subsequent to that, the call can be accessed via a link available on the Company's website through December 10, 2024.

About Frequency Electronics

Frequency Electronics, Inc. (FEI) is a world leader in the design, development and manufacture of high precision timing, frequency generation and RF control products for space and terrestrial applications. FEI's products are used in satellite payloads and in other commercial, government and military systems including C4ISR and electronic warfare, missiles, UAVs, aircraft, GPS, secure communications, energy exploration and wireline and wireless networks. FEI-Zyfer provides GPS and secure timing capabilities for critical military and commercial applications; FEI-Elcom Tech provides Electronic Warfare ("EW") sub-systems and state-of-the-art RF and microwave products. FEI has received over 100 awards of excellence for achievements in providing high performance electronic assemblies for over 150 space and DOD programs. The Company invests significant resources in research and development to expand its capabilities and markets.

www.frequencyelectronics.com

FEI's Mission Statement: "Our mission is to transform discoveries and demonstrations made in research laboratories into practical, real-world products. We are proud of a legacy which has delivered precision time and frequency generation products, for space and other world-changing applications that are unavailable from any other source. We aim to continue that legacy while adapting our products and expertise to the needs of the future. With a relentless emphasis on excellence in everything we do, we aim, in these ways, to create value for our customers, employees, and

stockholders."

Forward-Looking Statements

The statements in this press release regarding future earnings and operations and other statements relating to the future constitute "forward-looking" statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, our inability to integrate operations and personnel, actions by significant customers or competitors, general domestic and international economic conditions, reliance on key customers, continued acceptance of the Company's products in the marketplace, competitive factors, new products and technological changes, product prices and raw material costs, dependence upon third-party vendors, other supply chain related issues, increasing costs for materials, operating related expenses, competitive developments, changes in manufacturing and transportation costs, the availability of capital, the outcome of any litigation and arbitration proceedings, and failure to maintain an effective system of internal controls over financial reporting. The factors listed above are not exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the Securities and Exchange Commission. The Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2024, filed on August 2, 2024 with the Securities and Exchange Commission includes additional factors that could materially and adversely impact the Company's business, financial condition and results of operations, as such factors are updated from time to time in our periodic filings with the Securities and Exchange Commission, which are accessible on the Securities and Exchange Commission's website at www.sec.gov. Moreover, the Company operates in a very competitive and rapidly changing environment. New factors emerge from time to time and it is not possible for management to predict the impact of all these factors on the Company's business, financial condition or results of operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results. Any or all of the forward-looking statements contained in this press release and any other public statement made by the Company or its management may turn out to be incorrect. The Company expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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Frequency Electronics, Inc. and Subsidiaries Condensed Consolidated Statements of Operations (in thousands except per share data)

	Three Months Ended July 31, (unaudited)	
	2024	2023
Revenues	\$ 15,077	\$ 12,408
Cost of revenues	8,379	7,540
Gross margin	6,698	4,868
Selling and administrative	2,845	2,302
Research and development	1,488	506
Operating income	2,365	2,060
Interest and other, net	198	(11)
Income before Income Taxes	2,563	2,049
(Benefit) provision for Income Taxes	133	7
Net income	\$ 2,430	\$ 2,042
Net income per share:		
Basic and diluted income per share	\$ 0.25	\$ 0.22
Weighted average shares outstanding		
Basic and diluted	9,538	9,384

Frequency Electronics, Inc. and Subsidiaries Condensed Consolidated Balance Sheets (in thousands)

	July 31, 2024 (unaudited)	April 30, 2024
ASSETS		
Cash and cash equivalents	\$ 16,201	\$ 18,320

Accounts receivable, net	5,922	4,614
Contract assets	10,817	10,523
Inventories, net	24,308	23,431
Other current assets	1,977	1,233
Property, plant & equipment, net	6,304	6,438
Other assets	11,872	11,712
Right-of-use assets – operating leases	5,646	6,036
Restricted cash	1,217	945
	<u>\$ 84,264</u>	<u>\$ 83,252</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Lease liability - current	\$ 1,468	\$ 1,640
Dividend Payable	9,567	-
Contract liabilities	20,854	21,639
Other current liabilities	6,805	7,516
Other long-term obligations	8,068	8,096
Operating lease liability – non-current	4,301	4,545
Stockholders' equity	<u>33,201</u>	<u>39,816</u>
	<u>\$ 84,264</u>	<u>\$ 83,252</u>

Frequency Electronics, Inc.