

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended January 31, 2026

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

Commission File Number: 0-7928



Comtech Telecommunications Corp.

(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)

**305 N 54th Street,
Chandler, Arizona**

85226

(Address of principal executive offices)

(Zip Code)

(480) 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 \$0.10 per share	CMTL	Nasdaq Stock Market LLC

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 Accelerated filer Emerging growth company
Non-accelerated filer Smaller reporting company

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 registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of March 12, 2026, the number of outstanding shares of Common Stock, par value \$0.10 per share, of the registrant was 29,679,464 shares.

COMTECH TELECOMMUNICATIONS CORP.
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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

Assets	<u>January 31, 2026</u>	<u>July 31, 2025</u>
Current assets:		
Cash and cash equivalents	\$ 32,826,000	40,019,000
Accounts receivable, net	127,871,000	144,837,000
Inventories, net	66,005,000	68,955,000
Prepaid expenses and other current assets	14,923,000	16,375,000
Total current assets	<u>241,625,000</u>	<u>270,186,000</u>
Property, plant and equipment, net	44,905,000	43,410,000
Operating lease right-of-use assets, net	31,577,000	30,812,000
Goodwill	204,625,000	204,625,000
Intangibles with finite lives, net	163,018,000	173,105,000
Deferred financing costs, net	1,590,000	1,907,000
Other assets, net	16,489,000	16,790,000
Total assets	<u>\$ 703,829,000</u>	<u>740,835,000</u>
Liabilities, Convertible Preferred Stock and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 24,061,000	25,965,000
Accrued expenses and other current liabilities	50,701,000	58,423,000
Current portion of credit facility	4,050,000	4,050,000
Operating lease liabilities, current	6,282,000	7,250,000
Contract liabilities	58,142,000	62,546,000
Interest payable	47,000	15,000
Total current liabilities	<u>143,283,000</u>	<u>158,249,000</u>
Non-current portion of credit facility, net	107,665,000	114,414,000
Non-current portion of subordinated credit facility, net	103,466,000	95,588,000
Operating lease liabilities, non-current	31,162,000	29,376,000
Income taxes payable, non-current	1,842,000	1,818,000
Deferred tax liability, net	4,034,000	4,619,000
Long-term contract liabilities	19,040,000	21,005,000
Warrant and derivative liabilities	23,017,000	17,849,000
Other liabilities	4,741,000	3,950,000
Total liabilities	<u>438,250,000</u>	<u>446,868,000</u>
Commitments and contingencies (See Note 19)		
Convertible preferred stock, par value \$0.10 per share; authorized and issued 178,181 shares at January 31, 2026 (redemption value of \$213,443,000 which includes accrued dividends of \$1,589,000) and authorized and issued 178,181 shares at July 31, 2025 (redemption value of \$204,153,000, which includes accrued dividends of \$1,520,000)	199,973,000	189,545,000
Stockholders' equity:		
Preferred stock, par value \$0.10 per share; authorized and unissued 1,821,819 shares at both January 31, 2026 and July 31, 2025, respectively	—	—
Common stock, par value \$0.10 per share; authorized 100,000,000 shares; issued 44,708,747 and 44,443,626 shares at January 31, 2026 and July 31, 2025, respectively	4,471,000	4,444,000
Additional paid-in capital	539,393,000	548,722,000
Retained deficit	<u>(36,409,000)</u>	<u>(6,895,000)</u>
	507,455,000	546,271,000
Less:		
Treasury stock, at cost (15,033,317 shares at January 31, 2026 and July 31, 2025)	<u>(441,849,000)</u>	<u>(441,849,000)</u>
Total stockholders' equity	<u>65,606,000</u>	<u>104,422,000</u>
Total liabilities, convertible preferred stock and stockholders' equity	<u>\$ 703,829,000</u>	<u>740,835,000</u>

See accompanying notes to condensed consolidated financial statements.

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three months ended January 31,		Six months ended January 31,	
	2026	2025	2026	2025
Net sales	\$ 106,761,000	126,574,000	\$ 217,793,000	242,374,000
Cost of sales	70,538,000	92,834,000	144,804,000	194,118,000
Gross profit	36,223,000	33,740,000	72,989,000	48,256,000
Expenses:				
Selling, general and administrative	27,681,000	33,832,000	57,619,000	85,476,000
Research and development	4,430,000	4,354,000	8,220,000	8,067,000
Amortization of intangibles	5,043,000	5,043,000	10,087,000	11,636,000
CEO transition costs	305,000	(331,000)	1,056,000	267,000
Proxy solicitation costs	—	1,099,000	—	2,682,000
Impairment of long-lived assets, including goodwill	—	—	—	79,555,000
	37,459,000	43,997,000	76,982,000	187,683,000
Operating loss	(1,236,000)	(10,257,000)	(3,993,000)	(139,427,000)
Other expenses (income):				
Interest expense	11,224,000	11,008,000	22,777,000	20,540,000
Interest (income) and other	(208,000)	(126,000)	(431,000)	509,000
Change in fair value of warrants and derivatives	1,366,000	28,568,000	2,716,000	34,092,000
Write-off of deferred financing costs and debt discounts	—	—	—	1,412,000
Loss before provision for (benefit from) income taxes	(13,618,000)	(49,707,000)	(29,055,000)	(195,980,000)
Provision for (benefit from) income taxes	17,000	(968,000)	459,000	1,166,000
Net loss	\$ (13,635,000)	(48,739,000)	\$ (29,514,000)	(197,146,000)
Gain on extinguishment of convertible preferred stock	—	—	—	51,179,000
Adjustments to reflect redemption value of convertible preferred stock:				
(Dividends) deemed contributions on convertible preferred stock, net	(6,525,000)	26,383,000	(10,428,000)	(32,251,000)
Net loss attributable to common stockholders	\$ (20,160,000)	(22,356,000)	\$ (39,942,000)	(178,218,000)
Net loss per common share (See Note 5):				
Basic	\$ (0.68)	(0.76)	\$ (1.34)	(6.06)
Diluted	\$ (0.68)	(0.76)	\$ (1.34)	(6.06)
Weighted average number of common shares outstanding – basic	29,824,000	29,339,000	29,721,000	29,393,000
Weighted average number of common and common equivalent shares outstanding – diluted	29,824,000	29,339,000	29,721,000	29,393,000

See accompanying notes to condensed consolidated financial statements.

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(Unaudited)

	Three months ended January 31, 2026 and 2025								
	Convertible Preferred Stock		Common Stock			Retained Earnings (Deficit)	Treasury Stock		Stockholders' Equity
	Shares	Amount	Shares	Amount	Additional Paid-in Capital		Shares	Amount	
Balance as of October 31, 2024	175,264	\$ 148,700,000	43,927,127	\$ 4,393,000	\$ 587,820,000	\$ —	15,033,317	\$ (441,849,000)	\$ 150,364,000
Equity-classified stock award compensation	—	—	—	—	1,170,000	—	—	—	1,170,000
Issuance of employee stock purchase plan shares	—	—	13,111	2,000	43,000	—	—	—	45,000
Issuance of restricted stock, net of forfeiture	—	—	37,216	3,000	(3,000)	—	—	—	—
Net settlement of stock-based awards	—	—	402,656	40,000	(560,000)	—	—	—	(520,000)
Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends and change in fair value of embedded derivatives)	—	(26,383,000)	—	—	26,383,000	—	—	—	26,383,000
Reversal of dividend equivalents	—	—	—	—	5,000	—	—	—	5,000
Net loss	—	—	—	—	—	(48,739,000)	—	—	(48,739,000)
Balance as of January 31, 2025	<u>175,264</u>	<u>\$ 122,317,000</u>	<u>44,380,110</u>	<u>\$ 4,438,000</u>	<u>\$ 614,858,000</u>	<u>\$ (48,739,000)</u>	<u>15,033,317</u>	<u>\$ (441,849,000)</u>	<u>\$ 128,708,000</u>
Balance as of October 31, 2025	178,181	\$ 193,448,000	44,643,734	\$ 4,464,000	\$ 545,753,000	\$ (22,774,000)	15,033,317	\$ (441,849,000)	\$ 85,594,000
Equity-classified stock award compensation	—	—	—	—	412,000	—	—	—	412,000
Issuance of employee stock purchase plan shares	—	—	10,911	1,000	23,000	—	—	—	24,000
Net settlement of stock-based awards	—	—	54,102	6,000	(270,000)	—	—	—	(264,000)
Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends and change in fair value of embedded derivatives)	—	6,525,000	—	—	(6,525,000)	—	—	—	(6,525,000)
Net loss	—	—	—	—	—	(13,635,000)	—	—	(13,635,000)
Balance as of January 31, 2026	<u>178,181</u>	<u>\$ 199,973,000</u>	<u>44,708,747</u>	<u>\$ 4,471,000</u>	<u>\$ 539,393,000</u>	<u>\$ (36,409,000)</u>	<u>15,033,317</u>	<u>\$ (441,849,000)</u>	<u>\$ 65,606,000</u>

See accompanying notes to condensed consolidated financial statements.

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(Unaudited)

	Six months ended January 31, 2026 and 2025								
	Convertible Preferred Stock		Common Stock			Retained Earnings (Deficit)	Treasury Stock		Stockholders' Equity
	Shares	Amount	Shares	Amount	Additional Paid-in Capital		Shares	Amount	
Balance as of July 31, 2024	171,827	\$ 180,076,000	43,766,109	\$ 4,377,000	\$ 640,145,000	\$ 103,580,000	15,033,317	\$ (441,849,000)	\$ 306,253,000
Equity-classified stock award compensation	—	—	—	—	1,325,000	—	—	—	1,325,000
Issuance of employee stock purchase plan shares	—	—	27,586	3,000	80,000	—	—	—	83,000
Issuance of restricted stock, net of forfeiture	—	—	63,450	6,000	(6,000)	—	—	—	—
Net settlement of stock-based awards	—	—	522,965	52,000	(819,000)	—	—	—	(767,000)
Extinguishment of convertible preferred stock	(171,827)	(183,489,000)	—	—	—	51,179,000	—	—	51,179,000
Issuance of convertible preferred stock (at fair value), excluding embedded derivatives	175,264	93,479,000	—	—	—	—	—	—	—
Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends and change in fair value of embedded derivatives)	—	32,251,000	—	—	(25,872,000)	(6,379,000)	—	—	(32,251,000)
Reversal of dividend equivalents	—	—	—	—	5,000	27,000	—	—	32,000
Net loss	—	—	—	—	—	(197,146,000)	—	—	(197,146,000)
Balance as of January 31, 2025	<u>175,264</u>	<u>\$ 122,317,000</u>	<u>44,380,110</u>	<u>\$ 4,438,000</u>	<u>\$ 614,858,000</u>	<u>\$ (48,739,000)</u>	<u>15,033,317</u>	<u>\$ (441,849,000)</u>	<u>\$ 128,708,000</u>
Balance as of July 31, 2025	178,181	\$ 189,545,000	44,443,626	\$ 4,444,000	\$ 548,722,000	\$ (6,895,000)	15,033,317	\$ (441,849,000)	\$ 104,422,000
Equity-classified stock award compensation	—	—	—	—	1,539,000	—	—	—	1,539,000
Issuance of employee stock purchase plan shares	—	—	22,028	2,000	44,000	—	—	—	46,000
Net settlement of stock-based awards	—	—	243,093	25,000	(484,000)	—	—	—	(459,000)
Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends and change in fair value of embedded derivatives)	—	10,428,000	—	—	(10,428,000)	—	—	—	(10,428,000)
Net loss	—	—	—	—	—	(29,514,000)	—	—	(29,514,000)
Balance as of January 31, 2026	<u>178,181</u>	<u>\$ 199,973,000</u>	<u>44,708,747</u>	<u>\$ 4,471,000</u>	<u>\$ 539,393,000</u>	<u>\$ (36,409,000)</u>	<u>15,033,317</u>	<u>\$ (441,849,000)</u>	<u>\$ 65,606,000</u>

See accompanying notes to condensed consolidated financial statements.

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six months ended January 31,	
	2026	2025
Cash flows from operating activities:		
Net loss	\$ (29,514,000)	(197,146,000)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization of property, plant and equipment	5,965,000	5,674,000
Amortization of intangible assets	10,087,000	11,636,000
Amortization of stock-based compensation	1,539,000	1,325,000
Amortization of cost to fulfill assets	—	261,000
Paid-in-kind interest under term loan	—	5,528,000
Amortization of deferred financing costs, debt discount and accreted interest related to subordinated credit facility	10,396,000	1,563,000
Amortization of deferred financing costs and debt discount related to credit facility	2,718,000	2,157,000
Write-off of deferred financing costs and debt discount	—	1,412,000
Change in fair value of warrants and derivatives	2,716,000	34,092,000
Loss on disposal of property, plant and equipment	—	299,000
(Benefit from) provision for allowance for doubtful accounts and contract assets	(542,000)	17,861,000
Provision for excess and obsolete inventory	995,000	13,534,000
Deferred income tax benefit	(586,000)	(493,000)
Impairment of long-lived assets, including goodwill	—	79,555,000
Changes in assets and liabilities, net of effects of divestitures:		
Accounts receivable	17,508,000	10,537,000
Inventories	1,955,000	(1,799,000)
Prepaid expenses and other current assets	925,000	155,000
Other assets	286,000	(1,252,000)
Accounts payable	(3,064,000)	1,386,000
Accrued expenses and other current liabilities	(3,449,000)	(8,314,000)
Contract liabilities	(6,369,000)	(1,000,000)
Other liabilities, non-current	796,000	185,000
Interest payable	32,000	(431,000)
Income taxes payable	552,000	1,235,000
Net cash provided by (used in) operating activities	<u>12,946,000</u>	<u>(22,040,000)</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(7,684,000)	(4,068,000)
Net cash used in investing activities	<u>(7,684,000)</u>	<u>(4,068,000)</u>
Cash flows from financing activities:		
Proceeds from subordinated credit facility	—	25,000,000
Payments under revolving loan	(10,000,000)	—
Repayment of term loan	(2,025,000)	—
Proceeds from issuance of employee stock purchase plan shares	46,000	83,000
Payment of deferred financing costs	—	(3,158,000)
Remittance of employees' statutory tax withholding for stock awards	(448,000)	(1,181,000)
Payment of shelf registration costs	—	(170,000)
Cash dividends paid on common stock	(28,000)	(157,000)
Payment of convertible preferred stock issuance costs	—	(76,000)
Net cash (used in) provided by financing activities	<u>(12,455,000)</u>	<u>20,341,000</u>
Net decrease in cash and cash equivalents	(7,193,000)	(5,767,000)
Cash and cash equivalents at beginning of period	40,019,000	32,433,000
Cash and cash equivalents at end of period	<u>\$ 32,826,000</u>	<u>26,666,000</u>

See accompanying notes to condensed consolidated financial statements.

(Continued)

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

	Six months ended January 31,	
	2026	2025
<u>Supplemental cash flow disclosures:</u>		
Cash paid during the period for:		
Interest	\$ 9,601,000	11,700,000
Income taxes, net	\$ 211,000	639,000
Non-cash investing and financing activities:		
Adjustment to reflect redemption value of convertible preferred stock	\$ 10,428,000	32,251,000
Term loan amendment fee paid-in-kind	\$ 2,809,000	3,250,000
Accrued additions to property, plant and equipment	\$ 1,586,000	768,000
Accrued shelf registration costs	\$ —	47,000
Accrued deferred financing costs	\$ —	17,000
Issuance of restricted stock	\$ —	6,000
Reversal of dividend equivalents	\$ —	(32,000)

See accompanying notes to condensed consolidated financial statements.

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) General

The accompanying *Condensed Consolidated Financial Statements* of Comtech Telecommunications Corp. and its subsidiaries ("Comtech," "we," "us," or "our") as of and for the three and six months ended January 31, 2026 and 2025 are unaudited. In the opinion of management, the information furnished reflects all material adjustments (which include normal recurring adjustments) necessary for a fair presentation of the results for the unaudited interim periods. Our results of operations for such periods are not necessarily indicative of the results of operations to be expected for the full fiscal year.

The preparation of our *Condensed Consolidated Financial Statements* in conformity with accounting principles generally accepted in the United States of America requires us 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 *Condensed Consolidated Financial Statements*, and the reported amounts of net sales and expenses during the reported period. Actual results may differ from those estimates.

Our *Condensed Consolidated Financial Statements* should be read in conjunction with our audited consolidated financial statements, filed with the Securities and Exchange Commission ("SEC"), for the fiscal year ended July 31, 2025 and the notes thereto contained in our Annual Report on Form 10-K, and all of our other filings with the SEC.

Certain reclassifications have been made to previously reported condensed consolidated financial statements to conform to the current fiscal period presentation.

Liquidity

At January 31, 2026 and March 13, 2026 (the date closest to the issuance date):

- total outstanding borrowings under our Credit Facility was \$124,685,000; of such amount, \$7,641,000 was drawn on the Revolver Loan (reflecting repayment of \$5,000,000 on each of December 1, 2025 and January 8, 2026);
- total outstanding borrowings under our Subordinated Credit Facility were \$102,810,000 and \$103,420,000, respectively, including interest paid-in-kind or accrued on the \$35,000,000 subordinated priority term loan; such amount does not include the \$32,500,000 Make-Whole Amount associated with the \$65,000,000 portion of the Subordinated Credit Facility (pursuant to the terms discussed in *Note (10) - Subordinated Credit Facility*, as of January 31, 2026 and the issuance date, the Make-Whole Amount percentage for each tranche within the \$65,000,000 of principal is 50.0%);
- the liquidation preference of our outstanding convertible preferred stock was \$213,443,000 and \$215,668,000, respectively (excluding potential increases in the liquidation preference and other obligations that could be triggered by, among other things, breaches of covenants and/or asset sales resulting in a change in control of the Company); and
- our available sources of liquidity totaled \$49,856,000 and \$37,998,000, respectively, which includes qualified cash and cash equivalents of \$30,247,000 and \$18,389,000, respectively, and the remaining available portion of the Revolver Loan of \$19,609,000 as of each date.

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

As of the issuance date, we expect cash and cash equivalents and cash flows from both operating and financing activities to be our principal sources of liquidity. We believe these sources of liquidity will be sufficient to fund our operating and cash commitments for investing and financing activities over the next year beyond the issuance date. Over the next year beyond the issuance date, we believe that we will be able to generate sufficient positive cash inflows and maximize the remaining available portion of the Revolver Loan under our Credit Facility to continue as a going concern and comply with the covenants contained in our credit facilities. Our ability to meet future anticipated liquidity needs over the next year beyond the issuance date will largely depend on our ability to execute on our operational strategy, generate positive cash inflows from operations, maximize the remaining available portion of the Revolver Loan under our Credit Facility and or secure outside capital. Our ability to do so may also be affected by general economic, financial and other factors which are beyond our control.

CEO Transition Costs and Related

During the three months ended January 31, 2026, we recorded a \$305,000 net expense associated with our CEO transition-related activities, compared to a net benefit of \$331,000 for the three months ended January 31, 2025. CEO transition-related activities consisted primarily of net legal expenses related to a former CEO, expense related to a sign-on bonus for our current CEO, as well as severance costs related to a former CEO and a recovery of certain legal matter related costs in the prior year comparable period.

During the six months ended January 31, 2026 and 2025, we recorded a \$1,056,000 and \$267,000, respectively, net expense associated with our CEO transition-related activities. Such net expenses consisted primarily of net legal expenses related to a former CEO, expense related to a sign-on bonus for our current CEO, as well as severance costs related to a former CEO, third party CEO search firm expenses and a recovery of certain legal matter related costs in the prior year comparable period.

(2) Adoption of Accounting Standards and Updates

We are required to prepare our *Condensed Consolidated Financial Statements* in accordance with the FASB 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"). The following FASB ASUs have been issued and incorporated into the FASB ASC and have not yet been adopted by us:

- FASB ASU No. 2023-09, which among other things, enhances and establishes new income tax disclosure requirements, in addition to modifying and eliminating certain existing requirements. Most notably this ASU requires 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 2026), with early adoption permitted. We are evaluating the impact of this ASU on our *Condensed Consolidated Financial Statements* and disclosures.
- FASB ASU No. 2024-03, which among other things, requires more detailed disclosures of certain categories of expenses (including purchases of inventory, employee compensation, depreciation and amortization) that are components of existing expense captions presented on the face of the income statement. All entities are required to apply the guidance prospectively with an option for retrospective application. This ASU is effective for annual reporting periods beginning after December 15, 2026 (our fiscal 2028), and interim periods within annual reporting periods beginning after December 15, 2027 (our first interim period of fiscal 2029), with early adoption permitted, as clarified in ASU No. 2025-01. The adoption of this ASU will impact our disclosures only and we do not expect it to have a material impact on our *Condensed Consolidated Financial Statements*.

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- FASB ASU No. 2025-05, which among other things, provides all entities with a practical expedient that allows for the assumption that current conditions as of the balance sheet date do not change for the remaining life of the asset when estimating credit losses for such assets. This ASU is effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual periods (our fiscal 2027), with early adoption permitted. We are evaluating the impact of this ASU on our *Condensed Consolidated Financial Statements* and disclosures.
- FASB ASU 2025-06, which among other things, amends the criteria for recognizing and capitalizing costs related to internal-use software by replacing the previous project stage model with a principles-based framework. Under this ASU, costs are capitalized when management has authorized and committed to funding a software project, and it is probable that the project will be completed and the software used as intended. This ASU is effective for annual reporting periods beginning after December 15, 2027, and interim periods within those annual periods (our fiscal 2029), on either a prospective, retrospective or modified prospective transition method. We are evaluating the impact of this ASU on our *Condensed Consolidated Financial Statements* and disclosures.
- FASB ASU 2025-07, which among other things, refines the scope of the guidance on derivatives in ASC 815 and clarifies the guidance on share-based payments from a customer in ASC 606. The ASU is intended to address concerns about the application of derivative accounting to contracts that have features based on the operations or activities of one of the parties to the contract and to reduce diversity in the accounting for share-based payments in revenue contracts. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim periods within those annual periods (our fiscal 2028), with early adoption permitted. We are evaluating the impact of this ASU on our *Condensed Consolidated Financial Statements* and disclosures.
- FASB ASU No. 2025-10, which among other things, establishes guidance for the recognition, measurement and presentation of government grants received by business entities. The ASU requires that government grants be recognized when it is probable that we will comply with the conditions of the grant and that the grant will be received, and provides models for presenting grants related to assets or income. The ASU also requires enhanced disclosures about the nature and terms of government grants and the financial statement line items affected. This ASU is effective for annual reporting periods beginning after December 15, 2028, and interim periods within those annual reporting periods (our fiscal 2030), with early adoption permitted. We are evaluating the impact of this ASU on our *Condensed Consolidated Financial Statements* and disclosures.
- FASB ASU No. 2025-11, which among other things, clarifies the guidance in Topic 270 - *Interim Reporting* to improve the consistency of interim financial reporting. The ASU provides a comprehensive list of required interim disclosures and introduces a disclosure principle requiring entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. This ASU is effective for annual reporting periods beginning after December 15, 2027, and interim periods within those annual reporting periods (our fiscal 2029), with early adoption permitted. We are evaluating the impact of this ASU on our disclosures.

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(3) 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 control transfers 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 that the customer controls the asset as it is created or there is no alternative use, as defined in ASC 606. 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. Work-in-process includes components for which we have commenced the manufacturing or integration process and obtained the right to payment for work performed. 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.

A cost-to-cost measure of progress 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 lines within our Allerium segment.

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 and calculates an estimated contract profit based on total estimated contract revenue and cost. 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.

For service-based contracts in our Allerium 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.

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Point in time accounting is principally applied to contracts in our satellite ground infrastructure product line (which includes satellite modems and traveling wave tube amplifiers). The contracts related to these 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, at inception, we consider approvals and commitments from both parties, if the rights of the parties are identified, if the payment terms are identified, if it has commercial substance, the transaction price to which we are entitled 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.

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Most of our contracts with customers are denominated in U.S. dollars and are typically firm fixed-price; however, we may receive cost reimbursable type contracts from time to time (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:

	Three months ended January 31,		Six months ended January 31,	
	2026	2025	2026	2025
United States				
U.S. government	15.9 %	35.4 %	15.8 %	35.4 %
Domestic	55.1 %	45.5 %	54.9 %	46.9 %
Total United States	71.0 %	80.9 %	70.7 %	82.3 %
International	29.0 %	19.1 %	29.3 %	17.7 %
Total	100.0 %	100.0 %	100.0 %	100.0 %

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. As indicated in the table above, for both the three and six months ended January 31, 2026 and 2025, the U.S. government represented 10.0% or more of our consolidated net sales. Also, for the six months ended January 31, 2026, a domestic top tier mobile network operator accounted for 10.2% of our consolidated net sales. For the three months ended January 31, 2026 and the three and six months ended January 31, 2025, except for the U.S. government, there were no customers that represented 10.0% or more of consolidated net sales. 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 10.0% or more of consolidated net sales for the three and six months ended January 31, 2026 and 2025.

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The following tables summarize our disaggregation of revenue consistent with information reviewed by our Chief Operating Decision Maker ("CODM") for the three and six months ended January 31, 2026 and 2025. 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:

	Three months ended January 31, 2026			Six months ended January 31, 2026		
	Satellite and Space Communications	Allerium	Total	Satellite and Space Communications	Allerium	Total
Geographical region and customer type						
U.S. government	\$ 16,439,000	507,000	\$ 16,946,000	\$ 32,782,000	1,560,000	\$ 34,342,000
Domestic	8,947,000	49,926,000	58,873,000	19,098,000	100,493,000	119,591,000
Total United States	25,386,000	50,433,000	75,819,000	51,880,000	102,053,000	153,933,000
International	25,207,000	5,735,000	30,942,000	53,830,000	10,030,000	63,860,000
Total	\$ 50,593,000	56,168,000	\$ 106,761,000	\$ 105,710,000	112,083,000	\$ 217,793,000
Contract type						
Firm fixed-price	\$ 48,040,000	56,168,000	\$ 104,208,000	\$ 100,188,000	112,083,000	\$ 212,271,000
Cost reimbursable	2,553,000	—	2,553,000	5,522,000	—	5,522,000
Total	\$ 50,593,000	56,168,000	\$ 106,761,000	\$ 105,710,000	112,083,000	\$ 217,793,000
Transfer of control						
Point in time	\$ 38,208,000	225,000	\$ 38,433,000	\$ 77,643,000	329,000	\$ 77,972,000
Over time	12,385,000	55,943,000	68,328,000	28,067,000	111,754,000	139,821,000
Total	\$ 50,593,000	56,168,000	\$ 106,761,000	\$ 105,710,000	112,083,000	\$ 217,793,000
Three months ended January 31, 2025						
	Satellite and Space Communications	Allerium	Total	Satellite and Space Communications	Allerium	Total
Geographical region and customer type						
U.S. government	\$ 44,192,000	598,000	\$ 44,790,000	\$ 84,619,000	1,196,000	\$ 85,815,000
Domestic	8,987,000	48,603,000	57,590,000	13,834,000	99,763,000	113,597,000
Total United States	53,179,000	49,201,000	102,380,000	98,453,000	100,959,000	199,412,000
International	20,542,000	3,652,000	24,194,000	34,201,000	8,761,000	42,962,000
Total	\$ 73,721,000	52,853,000	\$ 126,574,000	\$ 132,654,000	109,720,000	\$ 242,374,000
Contract type						
Firm fixed-price	\$ 52,624,000	52,853,000	\$ 105,477,000	\$ 100,885,000	109,720,000	\$ 210,605,000
Cost reimbursable	21,097,000	—	21,097,000	31,769,000	—	31,769,000
Total	\$ 73,721,000	52,853,000	\$ 126,574,000	\$ 132,654,000	109,720,000	\$ 242,374,000
Transfer of control						
Point in time	\$ 34,852,000	615,000	\$ 35,467,000	\$ 65,026,000	1,337,000	\$ 66,363,000
Over time	38,869,000	52,238,000	91,107,000	67,628,000	108,383,000	176,011,000
Total	\$ 73,721,000	52,853,000	\$ 126,574,000	\$ 132,654,000	109,720,000	\$ 242,374,000

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The timing of revenue recognition, billings and collections results in receivables, unbilled receivables and contract liabilities on our *Condensed Consolidated Balance Sheets*. 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. Except for impairments to certain unbilled receivables and work-in-process inventory during the six months ended January 31, 2025, there were no other material impairment losses recognized on contract assets during the six months ended January 31, 2026 and 2025, respectively. 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 \$62,546,000 at July 31, 2025 and \$65,834,000 at July 31, 2024, \$37,768,000 and \$39,348,000 was recognized as revenue during the six months ended January 31, 2026 and 2025, 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. Costs to obtain or fulfill a contract that were capitalized are presented in the table below:

	Three months ended January 31,		Six months ended January 31,	
	2026	2025	2026	2025
<u>Capitalized:</u>				
Costs to obtain a contract	\$ 595,000	156,000	\$ 908,000	357,000
Costs to fulfill a contract	86,000	789,000	105,000	1,954,000

Commissions payable to our internal sales and marketing employees or contractors that are 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 *Condensed Consolidated Statements of Operations*. Commissions payable that are not incremental to the acquisition of long-term contracts are expensed as incurred in selling, general and administrative expenses on our *Condensed Consolidated Statements of Operations*. As for commissions payable to our third-party sales representatives related to large long-term contracts, we 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 *Condensed 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 January 31, 2026, the aggregate amount of the transaction price allocated to remaining performance obligations was \$731,588,000 (which represents the amount of our consolidated funded backlog). We estimate that a substantial portion of our remaining performance obligations at January 31, 2026 will be completed and recognized as revenue during the next twenty-four month period, with the rest thereafter. During the six months ended January 31, 2026, revenue recognized from performance obligations satisfied, or partially satisfied, in previous periods (for example due to changes in the transaction price) was not material.

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(4) 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 the current portion of long-term debt) approximate their fair values due to their short-term maturities. Additionally, the carrying amount of the non-current portion of our Credit Facility approximated its fair value due to the variable interest rates and pricing grid related to such debt.

Level 3 inputs are unobservable inputs developed using the best available information under the circumstances. Level 3 inputs are supported by little or no market activity, are significant to the fair value of 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 (9) - Credit Facility*, we used Level 3 inputs to value the warrants issued to lenders in connection with our Credit Facility. As of January 31, 2026, 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 3.8%; volatility of 65.0%; expected life of 5.4 years; and dividend yield of 0%. We also used Level 3 inputs to value the combined embedded derivative liability associated with our Credit Facility. As of January 31, 2026, we determined the fair value of the combined 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 (10) - Subordinated Credit Facility*, we used Level 3 inputs to value the make-whole amount and combined embedded derivative liability associated with our Subordinated Credit Facility. As of January 31, 2026, we determined the fair value of the combined 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 accelerated payments of principal and make-whole amounts to such lenders as stated in our Subordinated Credit Facility. The calculated fair value of the debt outstanding under the Subordinated Credit Facility approximated its carrying value as of January 31, 2026.

As further discussed in *Note (17) - Convertible Preferred Stock*, we used Level 3 inputs to value the warrants contingently issuable and the combined embedded derivative liability associated with our Convertible Preferred Stock. As of January 31, 2026, we determined the fair value of Convertible Preferred Stock warrants using the Monte Carlo simulation model with the following assumptions: expected life of 6.0 years; risk free rate of 3.8%; expected volatility of 65.0%; and dividend yield of 0%. As of January 31, 2026, we determined the fair value of the combined 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 and/or accelerated payments to our preferred shareholders, or the conversion of the Convertible Preferred Stock into common stock, pursuant to the terms of our Convertible Preferred Stock.

As of January 31, 2026 and July 31, 2025, other than the financial instruments discussed above, we had no other significant assets or liabilities included in our *Condensed Consolidated Balance Sheets* recorded at fair value, as such term is defined by FASB ASC 820.

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(5) 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 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 respective series of Convertible Preferred Stock are not reflected in diluted EPS. Pursuant to FASB ASC 260 "Earnings Per Share" ("ASC 260"), 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, the amount of stock-based compensation cost attributed to future services and not yet recognized and the amount a holder must pay upon assumed exercise of warrants.

There were no repurchases of our common stock during the three and six months ended January 31, 2026 and 2025. See *Note (18) - Stockholders' Equity* for more information.

Weighted average stock options, RSUs and restricted stock outstanding representing 2,428,000 and 1,314,000 shares for the three months ended January 31, 2026 and 2025, respectively, and 1,725,000 and 1,148,000 for the six months ended January 31, 2026 and 2025, respectively, were not included in our diluted EPS calculation because their effect would have been anti-dilutive.

Our EPS calculations exclude 752,000 and 694,000 weighted average performance shares outstanding for the three months ended January 31, 2026 and 2025, respectively, and 671,000 and 507,000 weighted average performance shares outstanding for the six months ended January 31, 2026 and 2025, 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 related to warrants issued in connection with entering the Credit Facility on June 17, 2024 of 1,378,000 and 1,396,000 for the three months ended January 31, 2026 and 2025, respectively, and 1,374,000 and 1,405,000 for the six months ended January 31, 2026 and 2025, respectively, were not included in our diluted EPS calculation because their effect would have been anti-dilutive.

Weighted average common shares underlying the assumed conversion of Convertible Preferred Stock, on an if-converted basis, of 26,515,000 and 24,036,000 for the three months ended January 31, 2026 and 2025, respectively, and 26,223,000 and 23,545,000, for the six months ended January 31, 2026 and 2025, respectively, were not included in our diluted EPS calculation because their effect would have been anti-dilutive. As a result, the numerator for our basic and diluted EPS calculation for the three and six months ended January 31, 2026 and 2025 is the respective net loss attributable to common stockholders.

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The following table reconciles the numerators and denominators used in the basic and diluted EPS calculations:

	Three months ended January 31,		Six months ended January 31,	
	2026	2025	2026	2025
Numerator:				
Net loss	\$ (13,635,000)	(48,739,000)	\$ (29,514,000)	(197,146,000)
(Dividends) deemed contributions on convertible preferred stock, net	(6,525,000)	26,383,000	(10,428,000)	(32,251,000)
Gain on extinguishment of convertible preferred stock	—	—	—	51,179,000
Net loss attributable to common stockholders	<u>\$ (20,160,000)</u>	<u>(22,356,000)</u>	<u>\$ (39,942,000)</u>	<u>(178,218,000)</u>
Denominator:				
Denominator for basic and diluted calculation	<u>29,824,000</u>	<u>29,339,000</u>	<u>29,721,000</u>	<u>29,393,000</u>

As discussed further in *Note (17) - Convertible Preferred Stock*, such shares of preferred stock represent a "participating security" as defined in ASC 260. As a result, our EPS calculations for the three and six months ended January 31, 2026 and 2025 were based on the two-class method. Given the net loss attributable to common stockholders for the three and six months ended January 31, 2026 and 2025, there was no impact of applying the two-class method to our reported basic or diluted earnings per common share.

(6) Accounts Receivable

Accounts receivable consist of the following at:

	January 31, 2026	July 31, 2025
Receivables from commercial and international customers	\$ 63,523,000	57,713,000
Unbilled receivables from commercial and international customers	53,418,000	69,987,000
Receivables from the U.S. government and its agencies	12,416,000	15,610,000
Unbilled receivables from the U.S. government and its agencies	16,998,000	20,683,000
Total accounts receivable	<u>146,355,000</u>	<u>163,993,000</u>
Less allowance for doubtful accounts	18,484,000	19,156,000
Accounts receivable, net	<u>\$ 127,871,000</u>	<u>144,837,000</u>

Unbilled receivables as of January 31, 2026 relate to contracts-in-progress for which revenue has been recognized, but for which we have not yet earned the right to bill the customer for work performed to-date. Under ASC 606, unbilled receivables constitute contract assets. Excluding unbilled receivables related to the U.S. Marine Corps contract discussed below, management estimates that a substantial portion of the remaining net contract assets not yet billed at January 31, 2026 will be billed and collected within one year.

As of January 31, 2026, the U.S. government (and its agencies), a top tier domestic mobile network operator and a large multinational telecommunications company represented 23.0%, 12.9% and 10.8% of net accounts receivable, respectively. There were no other customers which accounted for 10% or more of net accounts receivable.

As of July 31, 2025, the U.S. government (and its agencies) and two domestic top tier mobile network operators represented 25.1%, 14.5% and 10.5% of net accounts receivable, respectively. There were no other customers which accounted for 10% or more of net accounts receivable.

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In December 2024 (fiscal 2025), we received notice from our prime contractor to stop work associated with a legacy U.S. Marine Corps contract. We initiated litigation against the prime contractor in order to enforce our rights. As of July 31, 2025, \$15,701,000 of total receivables related to our contract remained outstanding. In November 2025, we entered into discussions with our prime contractor to explore a comprehensive settlement of our pending litigation. Based on a settlement reached in February 2026, along with our cost mitigation actions taken, we reduced cumulative net sales and receivables related to this contract during the six months ended January 31, 2026 by \$2,917,000, of which \$1,106,000 was recorded during the three months ended January 31, 2026. Considering these adjustments and \$203,000 of cash collections during the first half of fiscal 2026, total receivables related to our contract were \$12,581,000 as of January 31, 2026. Litigation related to this matter has been paused while the parties carry out their respective duties under the terms of the settlement agreement, including submission of our termination settlement proposal to the customer. While we believe that we have meritorious claims, some or all of our receivables could be at risk of not being collected. Future results of operations related to our troposcatter solutions product line depend, in part, on the nature, timing and amount associated with resolving this matter.

(7) Inventories

Inventories consist of the following at:

	January 31, 2026	July 31, 2025
Raw materials and components	\$ 63,755,000	64,022,000
Work-in-process and finished goods	27,926,000	31,356,000
Total inventories	91,681,000	95,378,000
Less reserve for excess and obsolete inventories	25,676,000	26,423,000
Inventories, net	\$ 66,005,000	68,955,000

As of January 31, 2026 and July 31, 2025, the amount of inventory directly related to long-term contracts (including contracts-in-progress) was \$3,396,000 and \$2,612,000, respectively.

(8) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following at:

	January 31, 2026	July 31, 2025
Accrued wages and benefits	\$ 21,039,000	21,158,000
Accrued contract costs	7,550,000	6,676,000
Accrued warranty obligations	6,079,000	8,475,000
Accrued commissions and royalties	4,459,000	4,867,000
Accrued contributions for constructing long-lived assets	1,353,000	2,789,000
Accrued legal costs	1,215,000	2,004,000
Other	9,006,000	12,454,000
Accrued expenses and other current liabilities	\$ 50,701,000	58,423,000

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 January 31, 2026 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.

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Changes in our accrued warranty obligations during the six months ended January 31, 2026 and 2025 were as follows:

	Six months ended January 31,	
	2026	2025
Balance at beginning of period	\$ 8,475,000	7,049,000
Provision for warranty obligations	444,000	3,179,000
Charges incurred	(2,840,000)	(1,650,000)
Balance at end of period	<u>\$ 6,079,000</u>	<u>8,578,000</u>

(9) Credit Facility

On June 17, 2024, we entered into a senior secured loan facility with a syndicate of lenders, which replaced our prior credit facility. As further discussed below, we subsequently amended the credit facility on October 17, 2024, March 3, 2025 and July 21, 2025 (the "Credit Facility"). At January 31, 2026, the Credit Facility consists of a remaining \$117,044,000 term loan (the "Term Loan" facility) and (ii) an asset-based revolving credit facility with revolving commitments in an aggregate principal amount of \$54,750,000, subject to borrowing base limitations as described below (the "Revolving Loan" facility). At closing, 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 our 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 was amended on October 17, 2024 (the "First Amendment") which, among other things: (i) waived all defaults under the Credit Facility, specifically in connection with our Net Leverage Ratio and Fixed Charge Coverage Ratio covenants as of July 31, 2024; (ii) increased the interest rate margins applicable to the Term Loan to 12.00% per annum for Base Rate Loans and 13.00% per annum for SOFR Loans and increased interest rate margins applicable to the Revolving Loan by 1.00% at each level; (iii) permitted the incurrence of \$25,000,000 of total unsecured subordinated debt (as described below); (iv) suspended testing of the Net Leverage Ratio and the Fixed Charge Coverage Ratio covenants until January 31, 2025; (v) provided the lenders a consent right with respect to Revolver Loan borrowings above \$32,500,000; and (vi) amended 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 Facility (as defined below) becomes due and payable.

The Credit Facility was amended again on March 3, 2025 (the "Second Amendment") which, among other things: (i) waived all defaults under the Credit Facility, specifically in connection with our Net Leverage Ratio and Fixed Charge Coverage Ratio covenants as of January 31, 2025; (ii) decreased the interest rate margins applicable to the Term Loan from 12.00% per annum to 9.50% per annum for Base Rate Loans and from 13.00% per annum to 10.50% per annum for SOFR Loans; (iii) permitted the incurrence of an additional \$40,000,000 of total unsecured subordinated debt (as described below); (iv) suspended testing of the Net Leverage Ratio and the Fixed Charge Coverage Ratio covenants until October 31, 2025; (v) suspended our ability to pay interest in-kind until after the interest rate margins are tested based on net leverage ratios; (vi) permitted partial principal repayments of \$27,252,000 and \$9,084,000 on the Term Loan and Revolving Loan, respectively, and waived the prepayment fees that would have been payable under the Credit Facility with regard to such repayments; (vii) permanently reduced commitments under the Revolving Loan Facility by \$3,179,000 and provided the lenders a consent right with respect to Revolver Loan borrowings above \$29,321,000; (viii) reduced the minimum quarterly average liquidity requirement from \$20,000,000 to \$17,500,000; and (ix) provided the lenders the right to appoint an independent director to our Board of Directors after May 31, 2025 (which has been satisfied as of the issuance date).

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The Credit Facility was further amended on July 21, 2025 (the "Third Amendment") which, among other things: (i) suspends, until the four-quarter period ending January 31, 2027, testing of the Net Leverage Ratio, the Fixed Charge Coverage Ratio and the Minimum EBITDA covenants; (ii) altered the interest rate margins applicable to Term Loans (as described in further detail below); (iii) delays the scheduled repayment of a portion of the principal of the Term Loans (as described in further detail below); (iv) delays the scheduled repayment of fees due pursuant to the Second Amendment; (v) reduced the minimum EBITDA requirement (as described in further detail below); (vi) reduced the minimum quarterly average liquidity requirement from \$17,500,000 to \$15,000,000; (vii) permits us to engage in the sale or disposition of certain properties and assets approved by the Administrative Agent (the "Specified Permitted Individual Disposition"), on the terms, and subject to documentation, reasonably acceptable to the Administrative Agent, so long as 65% of the net cash proceeds are applied against the outstanding principal amount of the obligations under the Credit Facility and 35% of the net cash proceeds are applied against the outstanding principal amount of the subordinated term loans under the Subordinated Credit Facility (as defined below); and (viii) required us to adopt management incentive and retention arrangements for our key personnel.

The Third Amendment provides that the interest rate margins on the Term Loans are 9.50% and 10.50% for Base Rate Loans and SOFR Loans, respectively, until the first business day of the month following January 31, 2027, when we have delivered financial statements demonstrating compliance with the financial covenants under the Credit Facility. If demonstrated, the interest rate margins revert to: (i) for Base Rate Loans, a margin ranging from 7.50% to 9.00% and (ii) for SOFR Loans, a margin ranging from 8.50% to 10.00%, in each case, based on whether our Net Leverage Ratio during the applicable determination period ranges from less than 1.75x to greater than or equal to 3.25x, respectively.

In accordance with the terms of the Third Amendment, with the filing of our fiscal 2025 Form 10-K on November 10, 2025, we met the criteria to defer \$3,037,500 of scheduled term loan repayments (otherwise due on July 31, 2025) until the maturity of the Credit Facility.

Under the Third Amendment, once financial covenant testing resumes on January 31, 2027, in addition to complying with the minimum quarterly average liquidity requirement, we will be required to comply with: (i) a maximum Net Leverage Ratio of 2.75x as of January 31, 2027; 2.75x as of April 30, 2027 and 2.65x as of July 31, 2027 and thereafter; (ii) a minimum Fixed Charge Coverage Ratio of 1.30x commencing with the four fiscal quarter period ending January 31, 2027 and 1.35x commencing with the four fiscal quarter period ending July 31, 2027 and thereafter; and (iii) minimum EBITDA of: (a) \$32,500,000 for the four-quarter period ending January 31, 2027; (b) \$35,000,000 for the four-quarter period ending April 30, 2027; (c) \$37,500,000 for the four-quarter period ending July 31, 2027; and \$40,000,000 for the four-quarter period ending October 31, 2027 and thereafter.

We accounted for the October 17, 2024, March 3, 2025 and July 21, 2025 amendments to our Credit Facility as debt modifications.

At the time of entering into the Third Amendment, and through and including the issuance date, there were no ongoing events of default. Over the next twelve months beyond the issuance date, we believe that it is probable we will be able to comply with the covenants required by the Credit Facility. As a result, we have presented our debt obligations as either current or long-term on the *Condensed Consolidated Balance Sheet*, based on their scheduled repayment or maturity dates.

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Additional Credit Facility Details

In connection with entering the Credit Facility, the Term Loan lenders received 1,435,884 detachable warrants ("Lender warrants") granted at an exercise price of \$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 Term Loan proceeds. The Lender warrant liability is classified in *Warrant and derivative liabilities* on the *Condensed 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 *Condensed Consolidated Statements of Operations* as a non-cash expense or benefit. As of January 31, 2026 and July 31, 2025, the Lender warrant liability was remeasured to \$7,867,000 and \$3,007,000, respectively. For the three months ended January 31, 2026 and 2025, we recorded a non-cash expense of \$3,903,000 and a non-cash benefit of \$2,465,000, respectively, and for the six months ended January 31, 2026 and 2025, we recorded a non-cash expense of \$4,860,000 and a non-cash benefit of \$1,775,000, respectively, in *Other expenses (income) - Change in fair value of warrants and derivatives* on the *Condensed Consolidated Statements of Operations*.

Additionally, we identified several embedded derivatives that require bifurcation from the Credit Facility under ASC 815-15 "Embedded Derivatives" ("ASC 815"). Certain of these embedded features include contingent event of default and going concern interest rate increases and/or fees, which qualify for accounting as one combined embedded derivative liability. We established an initial embedded derivative liability of \$3,116,000, which was allocated as a discount against the Term Loan proceeds. The combined embedded derivative liability is presented with the host instrument as part of the amount outstanding under the Credit Facility on the *Condensed 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 combined embedded derivative liability are recognized in our *Condensed Consolidated Statements of Operations* as a non-cash expense or benefit. As of January 31, 2026 and July 31, 2025, the combined embedded derivative liability was remeasured to \$1,956,000 and \$1,890,000, respectively. For the three months ended January 31, 2026 and 2025, we recorded a non-cash expense of \$143,000 and a non-cash benefit of \$447,000, respectively, and for the six months ended January 31, 2026 and 2025, we recorded non-cash expenses of \$66,000 and \$1,504,000, respectively, in *Other expenses (income) - Change in fair value of warrants and derivatives* on the *Condensed Consolidated Statements of Operations*.

The following table summarizes the cumulative activity relating to deferred financing costs and discounts under the Credit Facility:

	Deferred Financing Costs			Discount	
	Term Loan	Revolver	Total	Term Loan	Total
Credit facility and amendment fees	\$ 6,626,000	4,328,000	\$ 10,954,000	\$ 16,812,000	\$ 27,766,000
Term loan proceeds allocated to Lender warrants	—	—	—	3,011,000	3,011,000
Term loan proceeds allocated to embedded derivative	—	—	—	3,116,000	3,116,000
Write-off due to prepayments and reduced commitments	(1,788,000)	(1,707,000)	(3,495,000)	(5,482,000)	(8,977,000)
Amortization	(1,315,000)	(714,000)	(2,029,000)	(3,653,000)	(5,682,000)
Balance at July 31, 2025	\$ 3,523,000	1,907,000	\$ 5,430,000	\$ 13,804,000	\$ 19,234,000
Amortization	(488,000)	(317,000)	(805,000)	(1,913,000)	(2,718,000)
Balance at January 31, 2026	\$ 3,035,000	1,590,000	\$ 4,625,000	\$ 11,891,000	\$ 16,516,000

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Deferred financing fees and discounts attributable to the Term Loan are amortized as interest expense over the life of the debt through the maturity date using the effective interest method and are presented as a deduction to the non-current borrowings outstanding under the Term Loan. Deferred financing fees attributable to the Revolving Loan are capitalized on the *Condensed Consolidated Balance Sheets* and amortized as interest expense over the life of the debt using the straight-line method.

The amount of debt outstanding under our Credit Facility was as follows:

	January 31, 2026	July 31, 2025
Term Loan	\$ 117,044,000	\$ 116,260,000
Less: Unamortized deferred financing costs related to term loan	3,035,000	3,523,000
Less: Unamortized discount related to term loan	11,891,000	13,804,000
Term loan, net	102,118,000	98,933,000
Revolving Loan	7,641,000	17,641,000
Embedded derivative related to credit facility	1,956,000	1,890,000
Amount outstanding under credit facility, net	\$ 111,715,000	118,464,000
Less: Current portion of credit facility	4,050,000	4,050,000
Non-current portion of credit facility, net	\$ 107,665,000	\$ 114,414,000

During the six months ended January 31, 2026, we had outstanding balances under our Credit Facility ranging from \$124,685,000 to \$135,305,000.

Subject to the lender's Revolving Loan commitment amount and consent right, 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; plus (b) 85% of the net book value of accounts receivables we 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) \$15,000,000 of such accounts; plus (c) 60% of the net book value of all inventory, less (d) customary reserves. As of January 31, 2026 and July 31, 2025, our eligible Borrowing Base collateral, as defined under the Revolving Loan, was \$102,267,000 and \$101,222,000, respectively.

Interest expense related to our Credit Facility, including amortization of deferred financing costs and debt discount, recorded during the three months ended January 31, 2026 and 2025 was \$6,019,000 and \$9,673,000, respectively, and during the six months ended January 31, 2026 and 2025 was \$12,280,000 and \$18,926,000, respectively. Our blended interest rate related to the Credit Facility was 18.0% and 18.9%, respectively, for the three months ended January 31, 2026 and 2025 and 18.1% and 18.7%, respectively, for the six months ended January 31, 2026 and 2025.

Interest expense related to our Credit Facility also includes an unused line fee of 0.50% per annum on the average unused Revolving Loan commitment, with no fee payable on the \$27,500,000 of the \$54,750,000 commitment that is subject to the consent right of the revolving lender and Agent.

The Term Loan is subject to 2.50% amortization per annum. Quarterly Term Loan repayments of \$1,012,500 are payable on the last business day of each fiscal quarter, with the remaining Term Loan balance due on the maturity date.

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The Credit Facility contains: (a) customary representations, warranties and affirmative covenants; (b) customary conditions to drawing the Revolver Loan; (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 Loan Party, (vi) restricted payments, including stockholder dividends, (vii) distributions, including the repayment of subordinated intercompany and third party indebtedness, and (viii) certain other restrictive agreements; (d) certain financial covenants (see above); (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.

Capitalized terms used but not defined herein have the meanings set forth for such terms in the Credit Facility, which has been documented and filed with the SEC.

(10) Subordinated Credit Facility

On October 17, 2024, we entered into a subordinated credit facility with the existing holders of our convertible preferred stock and U.S. Bank Trust Company, National Association, as agent, which provided an initial subordinated unsecured term loan facility in the aggregate principal amount of \$25,000,000 (the "Subordinated Credit Agreement"). As further discussed below, on March 3, 2025 and July 21, 2025, we entered into amendments to the Subordinated Credit Agreement (the "Subordinated Credit Facility").

On March 3, 2025, we entered into an amendment ("Amendment No. 1") which, in addition to providing incremental aggregate principal of \$40,000,000, waived all defaults under the Subordinated Credit Facility, specifically in connection with our Net Leverage Ratio and Fixed Charge Coverage Ratio covenants as of January 31, 2025 and suspended testing of the Net Leverage Ratio and the Fixed Charge Coverage Ratio covenants under the Subordinated Credit Facility until October 31, 2025. The net proceeds were principally used to repay a portion of the Term Loan and Revolver Loan on March 3, 2025, fund our general working capital needs and enabled us to negotiate the Second Amendment to the Credit Facility, including the waiver of existing defaults.

On July 21, 2025, we entered into a second amendment ("Amendment No. 2") which, among other things: (i) provided for the incurrence of a \$35,000,000 incremental facility (as described in further detail below); (ii) suspends, until the four-quarter period ending January 31, 2027, testing of the Net Leverage Ratio, the Fixed Charge Coverage Ratio and the Minimum EBITDA covenants in the Subordinated Credit Facility; (iii) modified the interest rate applicable to the subordinated term loans (as described in further detail below); (iv) reduced the minimum EBITDA requirement (as described in further detail below); (v) reduced the minimum quarterly average liquidity requirement from \$17,500,000 to \$15,000,000; (vi) permits us to engage in the Specified Permitted Individual Disposition, on the terms, and subject to documentation, reasonably acceptable to the Subordinated Agent (subject to the same requirement with respect to the application of any net cash proceeds as discussed in *Note (9) - Credit Facility*; and (vii) required us to adopt management incentive and retention arrangements for our key personnel (also as discussed in *Note (9) - Credit Facility*).

Amendment No. 2 provides for an incremental priority subordinated unsecured term loan facility in the aggregate principal amount of \$35,000,000. We used the net proceeds to pay certain transaction costs, fees and expenses incurred in connection with amendments to our credit facilities and to prepay, without premium: (i) \$28,481,000 of the outstanding Term Loans under the Credit Facility, and (ii) \$5,775,000 of the outstanding Revolver Loan under the Credit Facility. As part of this prepayment, we permanently reduced Revolver Loan commitments under the Credit Facility by \$2,071,000. The interest on the principal amount of \$35,000,000 shall be paid-in-kind quarterly, in arrears, by capitalizing and adding the unpaid and accrued amount of such interest to the aggregate outstanding principal amount of the incremental priority subordinated credit facility on the last business day of each quarter. This tranche of subordinated debt will rank senior in right of payment to the existing subordinated term loans under the Subordinated Credit Facility. Unlike the existing subordinated term loans, the incremental priority subordinated credit facility is not subject to any make-whole premium.

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Under Amendment No. 2, the interest rate applicable to the incremental priority subordinated credit facility shall be the greater of: (x) the highest per annum interest rate then-applicable to the Term Loans under the Credit Facility, and (y) Term SOFR (as defined in the Credit Facility) plus 10.5%.

Under Amendment No. 2, once financial covenant testing resumes on January 31, 2027 and provided that all Credit Facility obligations have been discharged, in addition to complying with the minimum quarterly average liquidity requirement, we will be required to comply with: (i) a maximum Net Leverage Ratio of 3.30x as of January 31, 2027, 3.30x as of April 30, 2027 and 3.18x as of July 31, 2027 and thereafter; (ii) a minimum Fixed Charge Coverage Ratio of 1.04x commencing with the four fiscal quarter period ending January 31, 2027 and 1.08x commencing with the four fiscal quarter period ending July 31, 2027 and thereafter; and (iii) minimum EBITDA of: (a) \$26,000,000 for the four-quarter period ending January 31, 2027; (b) \$28,000,000 for the four-quarter period ending April 30, 2027; (c) \$30,000,000 for the four-quarter period ending July 31, 2027; and \$32,000,000 for the four-quarter period ending October 31, 2027 and thereafter.

At the time of entering into Amendment No. 2, and through and including the issuance date, there were no ongoing events of default. Over the next twelve months beyond the issuance date, we believe that it is probable we will be able to comply with the covenants required by the Subordinated Credit Facility. As a result, we have presented our debt obligations as long-term on the *Condensed Consolidated Balance Sheet*, based on their scheduled maturity dates.

The outstanding portion of debt related to the Subordinated Credit Facility will not be considered debt for purposes of our financial covenant testing under the Credit Facility. However, the Subordinated Credit Facility includes a cross-default provision, whereby a default under the Credit Facility constitutes a default under the Subordinated Credit Facility.

Additional Subordinated Credit Facility Details

The obligations under the Subordinated Credit Facility mature 90 days after the Credit Facility. Unlike the \$35,000,000 tranche discussed above, the other two tranches of the Subordinated Credit Facility, which aggregate \$65,000,000 of principal, are subject to Make-Whole Amounts with respect to certain repayments or prepayments equal to: (i) from the respective closing date of each tranche through (but not including) the date that is nine months thereafter, the principal repayment amount multiplied by 33.0%; (ii) from the date that is nine months after the applicable closing date through (but not including) the date that is the second anniversary of such closing date, the principal repayment amount multiplied by 50.0%; (iii) from the second anniversary of the applicable closing date and thereafter, the principal repayment amount multiplied by 75.0% plus, in the case of clause (iii), interest accrued on the principal amount outstanding at the Make-Whole Interest Rate (as defined below) starting on the second anniversary of the applicable 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. As of the issuance date, the Make-Whole Amount percentage for each tranche within the \$65,000,000 of principal is 50.0%.

We identified an embedded derivative related to redemption features that requires bifurcation from the Subordinated Credit Facility under ASC 815. We established a total embedded derivative liability of \$16,864,000, which was allocated as a discount against the Subordinated Credit Facility proceeds. The embedded derivative liability is presented with the *Non-current portion of subordinated credit facility, net* on the *Condensed Consolidated Balance Sheet* and is remeasured to its estimated fair value each reporting period, using Level 3 fair value inputs. Changes in the estimated fair value of the embedded derivative liability are recognized in our *Condensed Consolidated Statements of Operations* as a non-cash expense or benefit. As of January 31, 2026 and July 31, 2025, the embedded derivative liability was remeasured to \$3,235,000 and \$5,753,000, respectively. For the three months ended January 31, 2026 and 2025, we recorded a non-cash benefit of \$1,873,000 and a non-cash expense of \$3,679,000, respectively, and for the six months ended January 31, 2026 and 2025, we recorded a non-cash benefit of \$2,518,000 and a non-cash expense of \$3,927,000, respectively, in *Other expenses (income) - Change in fair value of warrants and derivatives* on the *Condensed Consolidated Statements of Operations*.

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Deferred financing costs, discounts and the Make-Whole Amount are amortized as interest expense through the Subordinated Credit Facility maturity date using the effective interest method, and are presented as adjustments to the borrowings outstanding under such debt. Interest expense related to our Subordinated Credit Facility for the three months ended January 31, 2026 and 2025 was \$5,204,000 and \$1,315,000, respectively, and for the six months ended January 31, 2026 and 2025 was \$10,477,000 and \$1,563,000, respectively. Amendment No. 1 and Amendment No. 2 were accounted for as debt modifications.

The following table reconciles the amount outstanding under the Subordinated Credit Facility to its net carrying value:

	January 31, 2026	July 31, 2025
Subordinated credit facility, including interest paid-in-kind	\$ 102,810,000	100,144,000
Less: Unamortized deferred financing costs	1,376,000	1,528,000
Less: Unamortized discount	13,874,000	15,404,000
Plus: Accretion of make-whole amount	12,671,000	6,623,000
Subordinated credit facility, net - subtotal	100,231,000	89,835,000
Embedded derivative related to redemption features	3,235,000	5,753,000
Amount outstanding under the subordinated credit facility, net	103,466,000	95,588,000
Less: Current portion of subordinated credit facility	—	—
Non-current portion of subordinated credit facility, net	\$ 103,466,000	95,588,000

The obligations under the Subordinated Credit Facility are guaranteed by the same guarantors under the Credit Facility and contain customary representations, warranties and affirmative covenants, in each case substantially consistent with the representations and warranties and affirmative covenants under the Credit Facility. 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, (vii) customary optional and mandatory prepayment events, and (viii) certain other restrictive agreements.

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.

(11) 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 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).

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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 January 31, 2026, 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:

	Three months ended January 31,		Six months ended January 31,	
	2026	2025	2026	2025
Operating lease expense	\$ 1,960,000	1,860,000	\$ 3,918,000	3,774,000
Short-term lease expense	40,000	32,000	78,000	64,000
Variable lease expense	679,000	1,123,000	1,843,000	2,300,000
Sublease income	—	(11,000)	—	(28,000)
Total lease expense	\$ 2,679,000	3,004,000	\$ 5,839,000	6,110,000

Additional information related to leases is as follows:

	Six months ended January 31,	
	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating leases - Operating cash outflows	\$ 4,072,000	\$ 4,245,000
ROU assets obtained in the exchange for lease liabilities (non-cash):		
Operating leases	\$ 3,795,000	\$ 1,853,000

The following table is a reconciliation of future cash flows relating to operating lease liabilities presented on our *Condensed Consolidated Balance Sheet* as of January 31, 2026:

Remainder of fiscal 2026	\$ 3,396,000
Fiscal 2027	7,275,000
Fiscal 2028	6,779,000
Fiscal 2029	5,559,000
Fiscal 2030	5,187,000
Thereafter	15,738,000
Total future undiscounted cash flows	43,934,000
Less: Present value discount	6,490,000
Lease liabilities	\$ 37,444,000
Weighted-average remaining lease terms (in years)	7.29
Weighted-average discount rate	5.14%

As of January 31, 2026, we do not have any material rental commitments that have not already commenced.

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(12) Income Taxes

Our effective tax rate (including discrete tax items) for the three months ended January 31, 2026 was a negligible rate, compared to 1.9% for the three months ended January 31, 2025. Our effective tax rate (including discrete tax items) for the six months ended January 31, 2026 and 2025 was (1.6)% and (0.6)%, respectively. In addition to discrete items recorded during each respective period, the change in rates also reflects changes in expected product and geographical mix.

For purposes of determining our estimated annual effective tax rate ("AETR") to apply to earnings from continuing operations for fiscal 2026, the change in fair value of warrants and derivatives and CEO transition costs are considered significant, unusual or infrequently occurring discrete tax items and were excluded from the computation of such AETR.

During the three and six months ended January 31, 2026, we recorded net discrete tax benefits of \$287,000 and \$243,000, respectively, primarily due to higher actual deductions taken related to certain expenses associated with our Canadian operations, offset in part by interest expense accrued on unrecognized tax benefits. During the three and six months ended January 31, 2025, we recorded net discrete tax benefits of \$76,000 and \$184,000, respectively, primarily related to proxy solicitation costs and CEO transition costs.

At January 31, 2026 and July 31, 2025, total unrecognized tax benefits were \$8,176,000 and \$8,084,000, respectively, including interest of \$312,000 and \$240,000, respectively. At January 31, 2026 and July 31, 2025, \$1,842,000 and \$1,818,000, respectively, of our unrecognized tax benefits were recorded as non-current income taxes payable on our *Condensed Consolidated Balance Sheets*. The remaining unrecognized tax benefits of \$6,334,000 and \$6,266,000 at January 31, 2026 and July 31, 2025, respectively, were presented as an offset to the associated deferred tax assets on our *Condensed Consolidated Balance Sheets* (the vast majority of which are subject to a full valuation allowance). We believe it is reasonably possible that the gross unrecognized tax benefits could decrease by as much as \$196,000 in the next 12 months due to the expiration of statute of limitations related to federal, state and foreign tax positions.

Our U.S. federal income tax returns for fiscal 2022 through 2025 are subject to Internal Revenue Service ("IRS") audit, including our fiscal 2023 income tax return which was recently selected by the IRS for examination. None of our state and foreign income tax returns prior to fiscal 2021 are subject to audit. Future tax assessments or settlements could have a material adverse effect on our consolidated results of operations and financial condition.

In July 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted, resulting in significant changes to U.S. tax law. U.S. GAAP, specifically ASC 740, requires that the effects of an applicable change in tax law be recognized in the period of enactment. Accordingly, our financial statements and footnote disclosures reflect the impact of those provisions of the OBBBA that are currently applicable to us, such as bonus depreciation, changes in the tax treatment of U.S. research and experimental expenditures (and related deductions) and limitations imposed on business interest expense deductions. We continue to assess the potential impact of the OBBBA on U.S. research and experimental expenditures incurred in prior years, as the OBBBA provides optionality as to when these costs may be deducted.

(13) Stock-Based Compensation

Overview

In December 2023, our stockholders approved the Comtech Telecommunications Corp. 2023 Equity and Incentive Plan (the "2023 Plan"), which replaced the Amended and Restated 2000 Stock Incentive Plan. Under the 2023 Plan, the initial number of shares of common stock available for all awards, other than substitute awards granted in connection with a corporate transaction, was 1,669,683 shares of common stock plus certain expired or cancelled awards recycled back into the 2023 Plan. On January 13, 2025 and March 9, 2026, our stockholders approved an amendment to the 2023 Plan to increase the number of available shares of common stock authorized for issuance under the 2023 Plan by 2,195,000 and 2,800,000 shares, respectively. Accordingly, under the terms of the 2023 Plan, as amended, the maximum number of shares of common stock authorized for issuance is equal to (i) 6,595,000 shares, plus (ii) any shares of Common Stock available for awards under the 2000 Stock Incentive Plan as of the effective date of the 2023 Plan.

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We issue stock-based awards to certain of our employees and our Board of Directors pursuant to the 2023 Plan, as amended and/or restated from time to time, 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 condensed 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.

As of January 31, 2026, the aggregate number of shares of common stock which may be issued may not exceed 15,757,500. 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 January 31, 2026, we had granted stock-based awards representing the right to purchase and/or acquire an aggregate of 14,271,883 shares (net of 8,002,588 expired and canceled awards), of which an aggregate of 10,820,044 have been exercised or settled.

As of January 31, 2026, the following stock-based awards, by award type, were outstanding:

	January 31, 2026
Stock options	96,250
Performance shares	788,150
RSUs, restricted stock and share units	2,567,439
Total	<u>3,451,839</u>

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 January 31, 2026, we have cumulatively issued 1,126,939 shares of our common stock to participating employees in connection with our ESPP.

Stock-based compensation for awards issued is reflected in the following line items in our *Condensed Consolidated Statements of Operations*:

	Three months ended January 31,		Six months ended January 31,	
	2026	2025	2026	2025
Cost of sales	\$ 57,000	96,000	\$ 113,000	200,000
Selling, general and administrative expenses	312,000	1,014,000	1,357,000	1,000,000
Research and development expenses	43,000	60,000	69,000	125,000
Stock-based compensation expense before income tax benefit	412,000	1,170,000	1,539,000	1,325,000
Estimated income tax benefit	—	(244,000)	—	(264,000)
Net stock-based compensation expense	<u>\$ 412,000</u>	<u>926,000</u>	<u>\$ 1,539,000</u>	<u>1,061,000</u>

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 January 31, 2026, unrecognized stock-based compensation of \$8,720,000, net of estimated forfeitures of \$403,000, is expected to be recognized over a weighted average period of 2.3 years. Total stock-based compensation capitalized and included in ending inventory at both January 31, 2026 and July 31, 2025 was \$198,000. There are no liability-classified stock-based awards outstanding as of January 31, 2026 or July 31, 2025.

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Stock-based compensation expense, by award type, is summarized as follows:

	Three months ended January 31,		Six months ended January 31,	
	2026	2025	2026	2025
Stock options	\$ —	3,000	\$ —	20,000
Performance shares	(480,000)	302,000	(157,000)	(95,000)
RSUs, restricted stock and share units	884,000	850,000	1,681,000	1,371,000
ESPP	8,000	15,000	15,000	29,000
Stock-based compensation expense before income tax benefit	412,000	1,170,000	1,539,000	1,325,000
Estimated income tax benefit	—	(244,000)	—	(264,000)
Net stock-based compensation expense	\$ 412,000	926,000	\$ 1,539,000	1,061,000

During the more recent period, we reversed a portion of our stock-based compensation expense related to performance shares due to revised estimates of projected achievement of fiscal 2024 and 2025 performance share goals. ESPP stock-based compensation expense includes the 15% discount offered to participants in the ESPP.

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 *Condensed Consolidated Balance Sheets* as of January 31, 2026 and July 31, 2025. 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. There is no estimated income tax benefit recognized for three and six months ended January 31, 2026 in light of the valuation allowance established on all U.S. deferred tax assets.

Stock Options

The following table summarizes the Plan's activity:

	Awards (in Shares)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 31, 2025	124,470	\$ 20.45		
Expired	(28,220)	28.35		
Outstanding at October 31, 2025	96,250	18.13		
Outstanding at January 31, 2026	96,250	\$ 18.13	4.11	\$ —
Exercisable at January 31, 2026	96,250	\$ 18.13	4.11	\$ —
Vested and expected to vest at January 31, 2026	96,250	\$ 18.13	4.11	\$ —

Stock options outstanding as of January 31, 2026 have exercise prices ranging from \$17.88 - \$22.75, 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.

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Performance Shares, RSUs, Restricted Stock, Share Units and Other Stock-based Awards

The following table summarizes the Plan's activity:

	Awards (in Shares)	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding at July 31, 2025	1,675,105	\$ 6.53	
Granted	439,624	2.26	
Settled	(337,984)	6.67	
Canceled/Forfeited	(16,231)	5.86	
Outstanding at October 31, 2025	1,760,514	\$ 5.45	
Granted	2,009,343	3.16	
Settled	(124,752)	5.00	
Canceled/Forfeited	(289,516)	6.98	
Outstanding at January 31, 2026	<u>3,355,589</u>	<u>\$ 3.96</u>	<u>\$ 18,657,000</u>
Vested at January 31, 2026	<u>231,868</u>	<u>\$ 9.25</u>	<u>\$ 1,289,000</u>
Vested and expected to vest at January 31, 2026	<u>3,249,476</u>	<u>\$ 3.97</u>	<u>\$ 18,067,000</u>

The total intrinsic value relating to fully-vested awards settled during the three and six months ended January 31, 2026 was \$652,000 and \$1,427,000, respectively. The total intrinsic value relating to fully-vested awards settled during the three and six months ended January 31, 2025 was \$1,632,000 and \$2,268,000, 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 January 31, 2026, 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 performance shares granted in fiscal 2024 and fiscal 2025, which reflect net lower-than-estimated achievement.

RSUs and restricted stock granted to non-employee directors prior to August 2022 had a vesting period of five years 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. Commencing in August 2022, such awards have a vesting period of one year.

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.

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.

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 the three and six months ended January 31, 2026, we paid out \$5,000 and \$28,000, respectively. During the three and six months ended January 31, 2025, we reversed \$5,000 and \$32,000, respectively, of previously accrued dividend equivalents due to forfeitures and paid out \$117,000 and \$156,000, respectively. Accrued dividend equivalents were recorded as a reduction to retained earnings. As of January 31, 2026 and July 31, 2025, accrued dividend equivalents were \$89,000 and \$117,000, respectively.

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With respect to the actual settlement of stock-based awards for income tax reporting, during the three and six months ended January 31, 2026, we have not recognized any tax benefit or expense in light of the valuation allowance established for all U.S. deferred tax assets. During the three and six months ended January 31, 2025, we recorded an income tax benefit of \$95,000 and \$120,000, respectively.

(14) Segment Information

Reportable operating segments are determined based on Comtech's management approach. The management approach, as defined by FASB ASC 280 "Segment Reporting" ("ASC 280") 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. On January 13, 2025, the Board of Directors appointed Kenneth H. Traub as President and Chief Executive Officer in addition to his role as Chairman. Mr. Traub is our CODM for purposes of ASC 280. Our two reportable operating segments are described below.

Our Satellite and Space Communications reportable operating segment is organized into four technology areas: satellite modem and amplifier technologies, troposcatter technologies, cybersecurity training and space components. This segment offers customers: satellite ground infrastructure technologies, services and system integration that facilitate the transmission of voice, video and data over GEO, MEO and LEO satellite constellations, including traveling wave tube power amplifiers, satellite modems, VSAT platforms and frequency converters; over-the-horizon microwave solutions that can transmit digitized voice, video, and data over distances up to 200 miles using the troposphere and diffraction; advanced cybersecurity training in support of U.S. government and certain commercial and university customers; and procurement and supply chain management of high reliability Electrical, Electronic and Electromechanical ("EEE") parts for satellite, launch vehicle and manned space applications.

Our Allerium reportable operating segment is organized into three service areas: Emergency Routing Solutions ("ERS"), which includes our next-generation 911 and carrier emergency routing offerings; Agency Solutions ("AS"), which includes our 911 call handling solutions; and Mobile Network Solutions ("MNS"), which includes our trusted location, messaging and alerting solutions sold primarily into wireless carriers. 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; next generation 911 solutions, providing emergency call routing, location validation, and 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 alert 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. The rebranding to Allerium did not change the composition of this reportable operating segment.

In connection with our adoption of ASU No. 2023-07 in fiscal 2025, and considering our transformation plan and most recent CODM's increased focus on profitability and cash flow generation on a GAAP basis, our CODM determined in fiscal 2025 to use GAAP operating income to measure our reportable operating segments' performance and to make decisions about resources to be allocated to each segment. Accordingly, historical segment tables below have been recast on that basis.

The CODM uses GAAP operating income to assess the results of each reportable operating segment against their respective plans and forecasts and, more generally, to peers and competitors in the markets in which we operate. The CODM also uses such metric to make decisions about allocating capital and personnel resources to the segments, evaluating which project(s) to undertake and or to prioritize, and determining the compensation of employees.

The amounts shown for segment GAAP operating income include expenses which are directly attributable to the segment and considers both cash and non-cash expenses such as: depreciation, amortization of intangibles, impairment of long-lived assets, including goodwill, amortization of cost to fulfill assets, restructuring costs and strategic emerging technology costs (for next-generation satellite technology). Our GAAP operating income metric for each segment does not include the allocation of any indirect expenses which are unrelated to the segment's operations.

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Reportable operating segment information, along with a reconciliation of segment GAAP operating income to consolidated income (loss) before income taxes is presented in the tables below:

	Three months ended January 31, 2026			Six months ended January 31, 2026		
	Satellite and Space Communications	Allerium	Total	Satellite and Space Communications	Allerium	Total
Net sales	\$ 50,593,000	56,168,000	\$ 106,761,000	\$ 105,710,000	112,083,000	\$ 217,793,000
Cost of sales	36,337,000	34,143,000		76,395,000	68,295,000	
Selling, general and administrative	8,516,000	10,263,000		17,963,000	20,220,000	
Research and development	1,777,000	2,610,000		2,799,000	5,353,000	
Amortization of intangibles	1,426,000	3,617,000		2,852,000	7,235,000	
Segment operating income	\$ 2,537,000	5,535,000	\$ 8,072,000	\$ 5,701,000	10,980,000	\$ 16,681,000
Unallocated corporate expenses			9,003,000			19,618,000
CEO transition costs			305,000			1,056,000
Interest expense			11,224,000			22,777,000
Interest (income) and other			(208,000)			(431,000)
Change in fair value of warrants and derivatives			1,366,000			2,716,000
Loss before income taxes			<u>\$ (13,618,000)</u>			<u>\$ (29,055,000)</u>
Purchases of property, plant and equipment	\$ 314,000	4,114,000	\$ 4,428,000	\$ 566,000	7,118,000	\$ 7,684,000
Unallocated purchases of property, plant and equipment			—			—
Consolidated purchases of property, plant and equipment			<u>\$ 4,428,000</u>			<u>\$ 7,684,000</u>
Depreciation expense	\$ 662,000	2,196,000	\$ 2,858,000	\$ 1,322,000	4,423,000	\$ 5,745,000
Unallocated depreciation expense			107,000			220,000
Consolidated depreciation expense			<u>\$ 2,965,000</u>			<u>\$ 5,965,000</u>
Assets as of January 31, 2026:						
Total segment assets				\$ 235,627,000	442,883,000	\$ 678,510,000
Unallocated assets						25,319,000
Consolidated assets						<u>\$ 703,829,000</u>

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	Three months ended January 31, 2025			Six months ended January 31, 2025		
	Satellite and Space Communications	Allerium	Total	Satellite and Space Communications	Allerium	Total
Net sales	\$ 73,721,000	52,853,000	\$ 126,574,000	\$ 132,654,000	109,720,000	\$ 242,374,000
Cost of sales	58,212,000	34,525,000		122,855,000	71,062,000	
Selling, general and administrative	11,410,000	8,554,000		41,072,000	17,208,000	
Research and development	1,494,000	2,800,000		2,398,000	5,544,000	
Amortization of intangibles	1,426,000	3,617,000		4,402,000	7,234,000	
Impairment of long-lived assets, including goodwill	—	—		79,555,000	—	
Segment operating income (loss)	<u>\$ 1,179,000</u>	<u>3,357,000</u>	<u>\$ 4,536,000</u>	<u>\$ (117,628,000)</u>	<u>8,672,000</u>	<u>\$ (108,956,000)</u>
Unallocated corporate expenses			14,025,000			27,522,000
Proxy solicitation costs			1,099,000			2,682,000
CEO transition costs			(331,000)			267,000
Interest expense			11,008,000			20,540,000
Interest (income) and other			(126,000)			509,000
Change in fair value of warrants and derivatives			28,568,000			34,092,000
Write-off of deferred financing costs			—			1,412,000
Loss before income taxes			<u>\$ (49,707,000)</u>			<u>\$ (195,980,000)</u>
Purchases of property, plant and equipment	\$ 89,000	1,410,000	\$ 1,499,000	\$ 139,000	3,518,000	\$ 3,657,000
Unallocated purchases of property, plant and equipment			154,000			411,000
Consolidated purchases of property, plant and equipment			<u>\$ 1,653,000</u>			<u>\$ 4,068,000</u>
Depreciation expense	\$ 670,000	1,946,000	\$ 2,616,000	\$ 1,517,000	3,908,000	\$ 5,425,000
Unallocated depreciation expense			163,000			249,000
Consolidated depreciation expense			<u>\$ 2,779,000</u>			<u>\$ 5,674,000</u>
Assets as of January 31, 2025:						
Total segment assets				\$ 293,176,000	448,610,000	\$ 741,786,000
Unallocated assets						28,775,000
Consolidated assets						<u>\$ 770,561,000</u>

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.

During the three months ended January 31, 2026 and 2025, our Unallocated segment incurred restructuring costs of \$912,000 and \$1,970,000, respectively, and during the six months ended January 31, 2026 and 2025, incurred restructuring costs of \$2,568,000 and \$5,993,000, respectively, primarily focused on legal and other expenses related to strategic alternatives and divestiture activities, as well as other initiatives to streamline our operations, align our cost structure with our future anticipated business and improve our liquidity.

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During the three and six months ended January 31, 2025, our Unallocated segment incurred \$1,099,000 and \$2,682,000, respectively, of proxy solicitation costs, consisting principally of legal and advisory fees. In November 2024, we entered into a cooperation agreement (the "Cooperation Agreement") with Fred Kornberg, Michael Porcelain and Oleg Timoshenko (collectively the "Investor Group"). Pursuant to the Cooperation Agreement, our Board appointed Michael J. Hildebrandt to serve on the Board and agreed to nominate, support and recommend Mr. Hildebrandt for election at our Fiscal 2024 Annual Meeting of Stockholders (the "2024 Annual Meeting"). Also, we agreed not to renominate two incumbent directors for election at the 2024 Annual Meeting and the Investor Group agreed to withdraw its nomination of candidates for election to the Board at the 2024 Annual Meeting to, instead, support our slate of directors for election. Pursuant to the Cooperation Agreement, we and the Investor Group agreed to cooperate in good faith to identify an additional candidate to be appointed to the Board at a later date as an independent director. In September 2025, we provided notice to the Investor Group regarding our renomination of Mr. Hildebrandt at the Fiscal 2025 Annual Meeting of Stockholders. Accordingly, the Cooperation Agreement was extended until 30 days prior to the nomination deadline of our Fiscal 2026 Annual Meeting of Stockholders.

During the three months ended January 31, 2026 and 2025, our Unallocated segment recorded CEO transition costs of \$305,000 and a benefit of \$331,000, respectively, and during the six months ended January 31, 2026 and 2025, recorded CEO transition costs of \$1,056,000 and \$267,000, respectively. See *Note (1) - General - CEO Transition Costs and Related* for further information.

Interest expense in the above tables includes accreted interest related to our Subordinated Credit Facility, the amortization of deferred financing costs and debt discounts related to both credit facilities and the immediate expensing of certain financing fees related to refinancing and or amending our credit facilities. See *Note (9) - Credit Facility* and *Note (10) - Subordinated Credit Facility* for further discussion.

There were no intersegment sales between the Satellite and Space Communications segment and the Allerium segment for both the three and six months ended January 31, 2026 and 2025.

Unallocated assets at January 31, 2026 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.

(15) Long-lived Assets, including Goodwill

The following table represents goodwill by reportable operating segment:

	Satellite and Space Communications	Allerium	Total
Balance as of January 31, 2026 and July 31, 2025	\$ 30,535,000	174,090,000	\$ 204,625,000

In accordance with FASB ASC 350, we perform a goodwill impairment analysis at least annually (on the first day of each fiscal year, August 1st), unless indicators of impairment exist in interim periods. If we fail the quantitative assessment of goodwill impairment, 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, 2025 (the first day of fiscal 2026), we performed our annual 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.

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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 \$2.05 as of the date of testing.

Ultimately, based on our quantitative evaluation, we determined that our Satellite and Space Communications and Allerium reporting units had estimated fair values in excess of their carrying values of at least 19.9% and 7.3%, respectively, and concluded that our goodwill was not impaired and that neither of our two reporting units was at risk of failing the quantitative assessment.

It is possible that, during the remainder of fiscal 2026 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 2026 or beyond. If assumed net sales and cash flow projections are not achieved in future periods, our common stock price significantly declines from current levels, and or we complete certain actions related to our transformation plan, our Satellite and Space Communications and Allerium reporting units could be at risk of failing the quantitative assessment and goodwill and intangibles assigned to the respective reporting units could be impaired.

In any event, we are required to perform our next annual goodwill impairment analysis on August 1, 2026 (the start of our fiscal 2027). 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.

At both January 31, 2026 and July 31, 2025, accumulated goodwill impairment losses related to our Satellite and Space Communications segment totaled \$128,480,000. Of such amount, \$79,555,000 was recorded in the first quarter of the prior fiscal year, 2025. There are no accumulated impairments for our Allerium segment.

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(16) Intangible Assets

Intangible assets with finite lives are as follows:

January 31, 2026				
	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	20.2	\$ 294,258,000	155,992,000	\$ 138,266,000
Technologies	13.6	106,149,000	87,389,000	18,760,000
Trademarks and other	16.9	31,826,000	25,834,000	5,992,000
Total		<u>\$ 432,233,000</u>	<u>269,215,000</u>	<u>\$ 163,018,000</u>

July 31, 2025				
	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	20.2	\$ 294,258,000	148,863,000	\$ 145,395,000
Technologies	13.6	106,149,000	85,439,000	20,710,000
Trademarks and other	16.9	31,826,000	24,826,000	7,000,000
Total		<u>\$ 432,233,000</u>	<u>259,128,000</u>	<u>\$ 173,105,000</u>

The weighted average amortization period in the above table excludes fully amortized intangible assets.

Amortization expense for the three and six months ended January 31, 2026 was \$5,043,000 and \$10,087,000, respectively. Amortization expense for the three and six months ended January 31, 2025 was \$5,043,000 and \$11,636,000, respectively.

The estimated amortization expense consists of the following for the fiscal years ending July 31:

2026	\$ 19,128,000
2027	17,774,000
2028	17,774,000
2029	16,353,000
2030	14,446,000

We review net intangible assets with finite lives for impairment when an event occurs indicating the potential for impairment. Based on our assessment, we believe that the carrying values of our net intangible assets were recoverable as of January 31, 2026. 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.

(17) Convertible Preferred Stock

Fiscal 2024 and Prior

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”). On October 19, 2021, pursuant to the terms of the Subscription Agreement, the Investors purchased an aggregate of 100,000 shares of Series A Convertible Preferred Stock, with a par value of \$0.10 per share, for an aggregate purchase price of \$100,000,000. White Hat Capital Partners LP is affiliated with Mark Quinlan, who serves as a member of our Board of Directors and was chairman of our Board of Directors through November 26, 2024.

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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, 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 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 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 the Investors of 5,400 shares of Series B Convertible Preferred Stock in lieu of cash for certain expense reimbursements (the "Series B Reimbursement" and, together with the Primary Issuance 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 (9) - 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, 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 (the "Series B-1 Exchange"), 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 as a consent fee (the "Series B-1 Fee"). As a result of the Series B-1 Exchange, no shares of Series B Convertible Preferred Stock remain outstanding. We did not receive any cash proceeds from the Series B-1 Exchange.

Post Fiscal 2024

On October 17, 2024, in connection with amending the Credit Facility, we and the Investors agreed to change certain terms of the Series B-1 Convertible Preferred Stock. The changes: altered the date on which preferred holders can opt to have us repurchase their Series B-2 Convertible Preferred Shares (as discussed below) in certain circumstances; provided for increases to the dividend rate in certain circumstances; and provided for an option for the preferred holders to elect to receive dividends in cash (to the extent permitted by law). To effect the changes described above, we and the Investors entered into a Subscription and Exchange Agreement, pursuant to which the Investors: (i) exchanged all of the 171,827.05 shares of Series B-1 Convertible Preferred Stock outstanding for 171,827.05 shares of our newly issued Series B-2 Convertible Preferred Stock, par value \$0.10 per share (the "Series B-2 Exchange"), with an initial liquidation preference of \$1,067.87 per share; and (ii) received 3,436.53 additional shares of Series B-2 Convertible Preferred Stock as a consent fee (the "Series B-2 Fee"). As a result of the Series B-2 Exchange, no shares of Series B-1 Convertible Preferred Stock remain outstanding. We did not receive any cash proceeds from the Series B-2 Exchange.

On March 3, 2025, in connection with amending the Credit Facility and Subordinated Credit Facility (as discussed in *Note (10) - "Subordinated Credit Facility"*), we and the Investors agreed to change certain terms of the Series B-2 Convertible Preferred Stock. The changes provided the Investors with a board observer right and certain information access rights. These changes were effected through a Subscription and Exchange Agreement (the "Series B-3 Subscription and Exchange Agreement"), pursuant to which the Investors: (i) exchanged (the "Series B-3 Exchange") all of the 175,263.58 shares of Series B-2 Convertible Preferred Stock outstanding for 175,263.58 shares of our newly issued Series B-3 Convertible Preferred Stock, par value \$0.10 per share, with an initial liquidation preference of \$1,104.48 per share (the per share liquidation preference of the Series B-2 Convertible Preferred Stock as of the date of issuance); and (ii) received 2,916.76 additional shares of Series B-3 Convertible Preferred Stock (the "Series B-3 Fee" and, together with the Series B Reimbursement, the Series B-1 Fee and the Series B-2 Fee, the "Additional Issuances") and \$650,000 in cash as a consent fee. As a result of the Series B-3 Exchange, no shares of Series B-2 Convertible Preferred Stock remain outstanding. We did not receive any cash proceeds from the Series B-3 Exchange.

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The Series B-3 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. Each share of Series B-3 Convertible Preferred Stock is 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 our election (except as described below), or 6.50% per annum, in respect of any shares of Series B-3 Convertible Preferred Stock that remain outstanding following the redemption of at least fifty percent (50%) of the Series B-3 Convertible Preferred Stock pursuant to the exercise of an asset sale or change in control put right or an asset sale call right, as described below. The Dividend rate may also increase following certain events, including certain asset sales that constitute a change in control, as set forth in the certificate of designations governing the Series B-3 Convertible Preferred Stock (the "Series B-3 Certificate of Designations"). For any quarter in which the Dividend is not paid in cash, such Dividend becomes part of the liquidation preference of the Series B-3 Convertible Preferred Stock. In addition, no dividend or other distribution on our common stock will be declared or paid on 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-3 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 Series B-3 Convertible Preferred Stock. Such Participating Dividend results in the Series B-3 Convertible Preferred Stock meeting the definition of a "participating security" for purposes of our earnings per share calculations. Following the satisfaction of all obligations under the Credit Facility in full and the termination of all of commitments under the Credit Facility (a "CA Satisfaction"), and (i) our failure to fully satisfy an exercised put right (other than a put right exercised in connection with an Asset Sale that constitutes a change in control) or (ii) beginning on or after April 30, 2027 (or later in certain circumstances), holders of the Series B-3 Convertible Preferred Stock will be entitled to elect to have us pay the Dividend in cash (to the extent permitted by law).

The shares of Series B-3 Convertible Preferred Stock are convertible into shares of common stock at the option of the holder thereof at any time. At any time after July 22, 2027, we have the right to mandate conversion of the Series B-3 Convertible Preferred Stock, subject to certain restrictions based on the price of our common stock in the preceding thirty (30) trading days. The conversion price for the Series B-3 Convertible Preferred Stock is \$7.99, subject to certain adjustments set forth in the Series B-3 Certificate of Designations.

Holders of the Series B-3 Convertible Preferred Stock are entitled to vote with the holders of our common stock on an as-converted basis, 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-3 Convertible Preferred Stock, authorizations or issuances of securities of the Company (other than certain qualified or private offerings of up to \$50,000,000 of shares of common stock), the payment of dividends, related party transactions, repurchases or redemptions of securities of the Company, dispositions of businesses or assets involving consideration having a fair value in excess of \$75,000,000 (or \$20,000,000 following a CA Satisfaction), 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-3 Convertible Preferred Stock, in each case, subject to the exceptions and qualifications set forth in the Series B-3 Certificate of Designations.

Holders have the right to require us to repurchase their Series B-3 Convertible Preferred Stock (at 1.0x the liquidation preference, plus accrued and unpaid dividends) on a date occurring either: (a) on or after October 31, 2028, (b) upon the consummation of an asset sale meeting certain criteria, or (c) on or after April 30, 2027 following a CA Satisfaction. We have the right to repurchase all, or less than all, of the Series B-3 Convertible Preferred Stock upon the consummation of an asset sale meeting the same criteria, other than an asset sale that would result in a change-of-control. In addition, each holder will have the right to cause us to repurchase its Series B-3 Convertible Preferred Stock in connection with a Change of Control (as defined in the Series B-3 Certificate of Designations) at 1.5x (or 1.0x in the case of Series B-3 Convertible Preferred Stock issued in the Additional Issuances) the liquidation preference, plus accrued and unpaid dividends. Any repurchase described above would be subject to the terms set forth in the Series B-3 Certificate of Designations.

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Upon a repurchase of the Series B-3 Convertible Preferred Stock at 1.0x the liquidation preference, 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 Series B-3 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 conversion price on the date of issuance of such Warrant, subject to certain adjustments. We determined that our obligation to issue a Warrant met the definition of a freestanding financial instrument that should be accounted for as a liability. The Warrant liability is classified in *Warrant and Derivative Liabilities* on the *Condensed 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 are recognized in our *Condensed Consolidated Statements of Operations* as a non-cash expense or benefit. As of January 31, 2026 and July 31, 2025, the Warrant liability was remeasured to \$1,679,000 and \$234,000, respectively. For the three and six months ended January 31, 2026, we recorded a non-cash expense of \$1,021,000 and \$1,445,000, respectively, and for the three and six months ended January 31, 2025 we recorded a non-cash benefit of \$2,820,000 and \$467,000, respectively, in *Other expenses (income) - Change in fair value of warrants and derivatives* on the *Condensed Consolidated Statements of Operations*.

We accounted for the cancellation of our Series B-1 Convertible Preferred Stock as an extinguishment based on a qualitative and quantitative assessment of the terms of the preferred shares exchanged. We recognized a \$51,179,000 gain on extinguishment in the first quarter of fiscal 2025, representing the difference between the carrying value of the Series B-1 Convertible Preferred Stock and the issuance date fair value of the Series B-2 Convertible Preferred Stock. As the Series B-1 Convertible Preferred Stock was classified as temporary equity, the gain on extinguishment was included as an offset in determining net loss attributable to common stockholders and credited to retained earnings as a return from the holders. We accounted for the Series B-3 Exchange as a modification.

We identified several embedded derivatives that require bifurcation from the Series B-2 Convertible Preferred Stock (and subsequent issuance of the Series B-3 Convertible Preferred Stock) under ASC 815, including the holders' right to: (i) require us to repurchase Series B-3 Convertible Preferred Stock upon the consummation of an asset sale meeting certain criteria, or in connection with a change in control; (ii) convert Series B-3 Convertible Preferred Shares into shares of our common stock; (iii) increase the dividend rate in certain circumstances; and (iv) elect to receive cash dividends in certain circumstances. When evaluating such embedded derivatives, we determined that the Series B-3 Convertible Preferred Stock was more akin to a debt-like host than an equity-like host. We also determined that such features qualify for accounting as one combined embedded derivative liability. We established an initial embedded derivative liability of \$38,832,000, which was recorded as a reduction to the initial fair value of the Series B-2 Convertible Preferred Stock and presented with *Warrant and Derivative Liabilities* on the *Condensed Consolidated Balance Sheets*. The combined embedded derivative liability is remeasured to its estimated fair value each reporting period, using Level 3 fair value inputs. Changes in the estimated fair value of the combined embedded derivative liability are recognized in our *Condensed Consolidated Statements of Operations* as a non-cash expense or benefit. As of January 31, 2026 and July 31, 2025, the embedded derivative liability was remeasured to \$13,470,000 and \$14,608,000, respectively. For the three and six months ended January 31, 2026, we recorded a non-cash benefit of \$1,828,000 and \$1,138,000, respectively, and for the three and six months ended January 31, 2025 recorded a non-cash expense of \$30,620,000 and \$30,902,000, respectively, in *Other expenses (income) - Change in fair value of warrants and derivatives* on the *Condensed Consolidated Statements of Operations*.

Upon the Series B-2 Exchange, the initial estimated fair value of the Series B-2 Convertible Preferred Stock was \$132,310,000. We reduced the initial estimated fair value of the Series B-2 Convertible Preferred Stock to establish the initial combined embedded derivative liability, as discussed above. We also adjusted the carrying value of the Series B-3 Convertible Preferred Stock at January 31, 2026 based on its redemption value of \$213,443,000, which includes \$1,589,000 of accrued dividends. Through January 31, 2026, as presented in the table below, the adjustments charged against retained earnings and additional paid in capital to increase the carrying value of each respective Series B Convertible Preferred Stock, while outstanding, to their respective redemption values totaled \$106,686,000.

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The following table presents the allocation of the initial estimated fair value of the Series B-2 Convertible Preferred Stock to its host instrument and combined embedded derivatives on October 17, 2024:

Initial estimated fair value of Series B-2 Convertible Preferred Stock	\$ 132,310,000
Initial estimated fair value and carrying value of combined embedded derivatives	38,832,000
Initial carrying value of Series B-2 Convertible Preferred Stock	<u>\$ 93,478,000</u>

The following table presents a reconciliation of the adjustments to increase the carrying values of the Convertible Preferred Stock to their redemption values while outstanding:

Redemption value of Series B-3 Convertible Preferred Stock at January 31, 2026	\$ 213,443,000
Less: Carrying value of combined embedded derivatives at January 31, 2026	13,470,000
Carrying value of Series B-3 Convertible Preferred Stock at January 31, 2026	199,973,000
Less: Initial carrying value of Series B-2 Convertible Preferred Stock on October 17, 2024	93,478,000
Less: Initial carrying value of Series B-3 Fee on March 3, 2025	3,221,000
Adjustment to increase the carrying value of Series B-3 Convertible Preferred Stock to its redemption value at January 31, 2026 and Series B-2 Convertible Preferred Stock (while outstanding)	103,274,000
Adjustment to increase carrying value of Series B-1 Convertible Preferred Stock to its redemption value (while outstanding)	3,412,000
Total adjustments to redemption values charged to Stockholder's Equity:	
Through January 31, 2026	106,686,000
Less: October 31, 2025 and prior	100,161,000
Three months ended January 31, 2026	<u>\$ 6,525,000</u>

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 classified the respective Series B Convertible Preferred Stock outside of permanent equity, as temporary equity, since the redemption of such shares is at the option of the holder on a fixed date or upon the occurrence of certain events that are not solely within our control.

(18) Stockholders' Equity

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 during the six months ended January 31, 2026 and 2025.

Additional Paid in Capital

Cumulatively through January 31, 2026, \$100,307,000 of the adjustments to the carrying values of outstanding Convertible Preferred Stock to their respective redemption values, while outstanding, were charged to additional paid in capital so as not to exceed the available amount of retained earnings at the time of such adjustments.

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(19) Legal Proceedings and Other Matters

Former CEO Related Matters

On March 12, 2024, we terminated Ken Peterman, our President and CEO at the time, for Cause pursuant to the terms of his employment agreement dated September 12, 2022 (the "Employment Agreement"). On November 21, 2024 (as amended on December 31, 2024), Mr. Peterman filed a claim with the American Arbitration Association, alleging that Comtech materially breached the Employment Agreement in the termination for Cause and that the termination was a retaliation for whistleblowing by Mr. Peterman in connection with certain of our prior financial and accounting practices. Mr. Peterman claimed he was owed direct contractual damages in an amount in excess of \$6,000,000 and consequential damages for injury to his professional reputation in excess of \$35,000,000. We believed Mr. Peterman's claims to be entirely without merit and defended ourselves vigorously in the matter. We filed an initial counterclaim against Mr. Peterman alleging that his misconduct and attempts to conceal the same constituted a breach of his fiduciary duties. Subsequently, on November 24, 2025, we filed an amended counterclaim seeking damages for malicious prosecution, abuse of process, breach of contract and defamation, as well as further claims for Mr. Peterman's breach of his fiduciary duties in addition to the initial counterclaim. On January 9, 2026, Mr. Peterman's counsel wrote to the Arbitrator with two motions, (i) voluntarily withdrawing Mr. Peterman's claims against Comtech, and (ii) seeking dismissal of Comtech's counterclaims against Mr. Peterman. On or about January 23, 2026, the Arbitrator granted Mr. Peterman's motion to withdraw all of his claims against Comtech in the arbitration, but rejected Mr. Peterman's motion for dismissal of Comtech's counterclaims. Comtech's counterclaims are still pending against Mr. Peterman. On or about February 6, 2026, Mr. Peterman's counsel notified the Arbitrator that he is resigning from his representation of Mr. Peterman. The Arbitrator has informed Mr. Peterman that he must retain new counsel by March 30, 2026, or represent himself in defense of Comtech's counterclaims.

Mr. Peterman also filed a separate administrative complaint with the Department of Labor (Occupational Safety and Health Administration) making similar allegations and claiming that we retaliated against him in violation of the Sarbanes-Oxley Act of 2002. We independently investigated, with the assistance of an outside advisor, Mr. Peterman's allegations that he was a whistleblower and determined that such allegations were not substantiated. The U.S. Department of Labor dismissed Mr. Peterman's administrative complaint on or about April 22, 2025. The appeal period has expired. Nevertheless, on July 18, 2025, Mr. Peterman filed a complaint in the U.S. District Court for the Southern District of New York (the "Court"), largely reciting the same claims he made in the prior Sarbanes-Oxley complaint with the Department of Labor. We promptly informed Mr. Peterman's attorney that the suit was frivolous and sought leave of the Court to seek dismissal. Mr. Peterman's attorney responded by withdrawing the lawsuit on September 5, 2025.

Separately, on December 11, 2024, Mr. Peterman was indicted by the United States Attorney for the Eastern District of New York and arrested on charges of insider trading and securities fraud. He was also charged with similar allegations by the SEC in a civil lawsuit filed in the Eastern District of New York the same day. We are not named as a defendant in either proceeding.

U.S. Export Matter

In late 2023, we initiated an export compliance review pertaining to certain variants of our modems and determined that we potentially violated U.S. export compliance laws. Upon learning of the potential violations and due to our commitment to comply with global export compliance laws, we immediately and voluntarily initiated a historical review of our exports of the associated products, as well as related documentation submitted to export control authorities. Based on such review, in February and June 2024, we voluntarily disclosed to the Directorate of Defense Trade Controls ("DDTC") a potential misclassification of certain exports under an EAR classification and promptly sought export licenses under the more restrictive ITAR classification for future exports pending the outcome of the matter. At that time, we concluded that the likelihood of a loss contingency associated with such potential violations was remote.

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(Unaudited)

While our review is ongoing, we estimate there were approximately 70 exports for which export licenses were not obtained, with an estimated total transaction value of less than \$2,000,000. Our review efforts to date indicate that the countries exported to were: the United Kingdom, Canada, Italy, Singapore, India, Germany, Australia, Hungary, Spain, Denmark, South Korea, Greece, Indonesia, Philippines and New Zealand. DDTC may choose to close the matter without penalty or to impose penalties on us in connection with the above-referenced shipments. Penalties, if imposed, can be the greater of twice the amount of the transaction that is the basis for the violation, or \$1,271,078 per violation, with discretionary adjustment downward by the DDTC for voluntary disclosure and other positive mitigating factors.

On May 22, 2025, DDTC issued a Request for Information, to which we replied. The DDTC investigation remains pending, however, in light of this request, we reevaluated our prior assessment of loss contingencies associated with this matter and determined that we may no longer conclude that the likelihood of a loss contingency is remote. Rather, it is now reasonably possible that a loss contingency (e.g., monetary penalties) exists related to this matter. Such penalties, if any, are not currently estimable by us given the early stage of our review, as well as that of the DDTC, and multiple positive mitigating factors that could affect the ultimate outcome, including but not limited to: the voluntary nature of our disclosure; our historical compliance record; the number of exports involved; the parties to whom the units were shipped; and the nature of the potential violation(s). Based on such determination, we have not accrued for any loss contingencies related to this matter as of January 31, 2026.

In parallel, we submitted a Commodity Jurisdiction ("CJ") request to DDTC on July 30, 2025, in support of our initial classifications of the exports under investigation. On January 27, 2026, the DDTC issued its Commodity Jurisdiction Determination, finding that SLM-5650 satellite modems with DSSS firmware, Models A, B, and C, are subject to its jurisdiction in accordance with the ITAR. Our voluntary self-disclosure remains pending.

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 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.

There are also certain other pending and threatened legal actions which arise in the normal course of business. Although the ultimate outcome of these matters is difficult to accurately predict, we believe that the outcome of these other matters will not have a material adverse effect on our consolidated financial condition or results of operations.

Employment, Change of Control and Indemnification Agreements

We have entered into employment and/or change of control agreements, as well as indemnification 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 the Company or termination of the employee.

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(20) Cost Reduction and Restructuring Related Activities

In connection with our transformation plan, we implemented multiple reductions in force throughout our organization and in all of our segments. Through January 31, 2026, such reductions approximated 21% of our workforce as of July 31, 2024, or approximately \$47,000,000 in annualized labor costs. At January 31, 2026, we had approximately 1,340 employees (including temporary employees and contractors), compared to 1,347 and 1,676 as of July 31, 2025 and July 31, 2024, respectively.

Our severance liability was \$93,000 and \$762,000, respectively, as of January 31, 2026 and July 31, 2025. Severance costs, recorded within selling, general and administrative expenses in our *Condensed Consolidated Statements of Operations*, were \$549,000 and \$3,633,000, respectively, for the six months ended January 31, 2026 and for all of fiscal 2025. Severance payments were \$1,218,000 and \$3,900,000, respectively, for the six months ended January 31, 2026 and for all of fiscal 2025.

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain information in this Quarterly Report on Form 10-Q 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, or the negative of those words and expressions, as well as statements in future tense. Forward-looking statements include, among others, statements regarding our expectations for our strategic alternatives process, our expectations for further portfolio-shaping opportunities, our expectations for other operational initiatives, our expectations for completing further financing initiatives, our future performance and financial condition, 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. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by which, such performance or results will be achieved. Forward-looking information is based on information available at the time and/or our good faith belief with respect to future events, and is subject to risks and uncertainties that are difficult to predict and many of which are outside of our control. 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, further portfolio-shaping opportunities, other operational initiatives, and the completion of further financing activities; our ability to access capital and liquidity; our ability to implement changes in our executive leadership; the possibility that the expected benefits from our strategic activities will not be fully realized, or will not be realized within the anticipated time periods; the risk that acquired businesses will not be integrated successfully; impacts from, and uncertainties regarding, future actions that may be taken by activist 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 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; the timing and amount of adjustments to gross profits on long-term contracts; risks associated with international sales; rapid technological change; evolving industry standards; new product announcements and enhancements or rebranding; changing customer demands and/or procurement strategies and our ability to scale opportunities and deliver solutions to current and prospective customers; changes and uncertainty in prevailing economic and political conditions (including financial and capital market conditions), including as a result of military conflicts or any tariff, trade restrictions or similar matters; impact of government shutdowns; changes to government procurement practices; 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 facilities; risks associated with our large contracts; risks associated with supply chain disruptions; and other factors described in this and our other filings with the Securities and Exchange Commission ("SEC"). However, these risks 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 the "Risk Factors" (Part I, Item 1A), "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Part II, Item 7) and "Quantitative and Qualitative Disclosures about Market Risk" (Part II, Item 7A) sections in our Annual Report on Form 10-K filed with the SEC on November 10, 2025, as the same may be updated from time to time in our various filings with the SEC. 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.

OVERVIEW

We are a leading provider of satellite and space communications technologies, terrestrial and wireless network solutions, Next Generation 911 ("NG-911") and emergency services and cloud native capabilities. 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. Over the long-term, we anticipate future growth in our end markets due to a trend of increasing demand for global voice, video and data usage in recent years, in addition to the growth of emergency communication networks and related applications. We provide our solutions to both commercial and governmental, as well as both domestic and international customers.

We manage our business through two reportable operating segments: Satellite and Space Communications and Allerium. See *Part I. - Financial Information - Item 1. Notes to Condensed Consolidated Financial Statements - Note (14) - Segment Information* for further description and information related our segments.

Our Quarterly Financial Information

Quarterly and period-to-period sales and operating results may be significantly affected by, among other things, short-term or long-term contracts with our customers, allowances for bad debt, impairments of long-lived assets (including goodwill) and changes in the estimated fair value of derivative instruments and warrants. In addition, our gross profit is affected by a variety of factors, including, among other things, the mix of products, systems and services sold, production efficiencies, provisions for excess and obsolete inventories, 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. Our contracts with the U.S. government (or prime contractors to the U.S. government) can be terminated for convenience at any time and orders are subject to unpredictable funding, deployment and technology decisions by our customers. 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.

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 *Part I. - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (3) - Revenue Recognition* and *Part I. - Financial Information - Item 4. Controls and Procedures* for further information.

A cost-to-cost measure of progress 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 Allerium segment.

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 and calculates an estimated contract profit based on total estimated contract revenue and cost. 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.

We perform on a broad range of contracts whose revenue is recognized over time, including the development of complex and advanced customized solutions which often require the application of new technologies. Cost estimates on fixed-price development contracts and early stage/low-rate production contracts are inherently more uncertain as to future events than on mature, full-rate production contracts. As a result, for fixed-price development contracts and early stage/low-rate production contracts, there is typically more variability in those estimates and greater financial risk associated with unanticipated cost growth. Risks include, but are not limited to: technical engineering risks related to the underlying technologies being developed; schedule risks related to completing performance obligations timely; and customer risks related to changing specifications.

The estimation of contract revenue, cost and progress toward completion requires the use of judgment, which can be affected by any number of factors over time and which may cause our actual results to differ materially from those estimates, as facts and circumstances change or become known to us. Changes in estimates can occur for a variety of reasons including, but not limited to: changes in the availability, productivity and cost of labor; the effect of change orders on contract scope; the resolution of engineering risks at lower or higher costs than anticipated; the availability and cost of material components and subcontracts, as well as the performance of our subcontractors or suppliers; the impact of unanticipated changes in our customers' schedules; and changes in indirect cost allocations, such as overhead.

The impact of gross favorable and unfavorable changes in contract estimates on reported gross margin is presented in the table below:

	Three months ended January 31,		Six months ended January 31,	
	2026	2025	2026	2025
Gross favorable changes	\$ 2,648,000	2,481,000	\$ 4,110,000	5,194,000
Gross unfavorable changes	(1,899,000)	(3,823,000)	(3,685,000)	(12,743,000)
Net changes	\$ 749,000	(1,342,000)	\$ 425,000	(7,549,000)

Impairment of Long-Lived Assets, Including Goodwill. As of January 31, 2026, total goodwill recorded on our *Condensed Consolidated Balance Sheet* aggregated \$204.6 million (of which \$30.5 million relates to our Satellite and Space Communications segment and \$174.1 million relates to our Allerium segment). Additionally, as of January 31, 2026, net intangibles recorded on our *Condensed Consolidated Balance Sheet* aggregated \$163.0 million (of which \$38.3 million relates to our Satellite and Space Communications segment and \$124.7 million relates to our Allerium segment). For purposes of reviewing impairment and the recoverability of goodwill and other intangible assets, our segments each constitute a reporting unit and we must make various assumptions in determining their estimated fair values. See *Part I - Financial Information - Item 1 - Notes to Condensed Consolidated Financial Statements - Note (15) - Long-lived Assets, including Goodwill* for further information. Ongoing and future actions supporting our transformation plan could result in a material impairment of our goodwill and/or intangible assets.

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. The U.S. and Canadian governments are our most significant income tax jurisdictions.

For tax positions taken or expected to be taken in a tax return, we account for unrecognized tax benefits using a "more-likely-than-not" threshold for financial statement recognition and 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 in our GAAP results only when we have made a determination that it is "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" 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. In assessing the need for a valuation allowance for deferred tax assets, we consider all positive and negative evidence, including past financial performance, timing and judgments about future taxable income and tax planning strategies. Valuation allowances are established, when necessary, to reduce net deferred tax assets to the amount "more-likely-than-not" expected to be realized. We continuously evaluate additional facts representing positive and negative evidence in determining our ability to realize these deferred tax assets. 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 2022 through 2025 are subject to Internal Revenue Service ("IRS") audit, including our fiscal 2023 income tax return which was recently selected by the IRS for examination. None of our state and foreign income tax returns prior to fiscal 2021 are subject to audit. Future tax assessments or settlements could have a material adverse effect on our consolidated results of operations and financial condition.

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 software developed for the purpose of selling to third parties was not material, but could increase in the future.

As it relates to software developed for the purpose of internal-use (e.g., hosted "SaaS" applications within our Allerium segment), costs capitalized primarily consist 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. For the three months ended January 31, 2026 and 2025, internal-use software costs capitalized were \$1.6 million and \$0.5 million, respectively. For the six months ended January 31, 2026 and 2025, internal-use software costs capitalized were \$3.1 million and \$1.5 million, respectively. 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.

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.

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, we can from time to time experience significant increases in the overall level of contract assets (i.e., unbilled receivables) related to large, long-term contracts with certain U.S. government, domestic and international customers. We continuously monitor our accounts receivable credit portfolio.

We may not be able to accurately predict our future credit loss experience. 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.

Derivative Instruments and Warrant Liabilities. With the assistance of a third party expert, we evaluate our financial instruments, including our Credit Facility, Subordinated Credit Facility, Convertible Preferred Stock and warrants to issue our common stock pursuant to the terms of such instruments, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. Such evaluation considers a qualitative and quantitative assessment of whether the host instrument is more debt or equity-like, and if embedded derivatives should be bifurcated from the host instrument and/or combined for accounting purposes. For derivatives that are accounted for as liabilities, the derivative is initially recorded at its estimated fair value and is then re-valued at each reporting date, with changes in its estimated fair value reported in our *Condensed Consolidated Financial Statements*. To estimate such fair values, with the assistance of a third party valuation expert, we primarily use Monte Carlo simulation models, on a with and without basis, or Black-Scholes option pricing models, each adjusted for instrument-specific terms. Due to the nature of our derivative instruments and warrant liabilities, we must use Level 3 inputs for estimating fair value, which are unobservable inputs developed using the best available information under the circumstances. Level 3 inputs are supported by little or no market activity, are significant to the fair value of the assets or liabilities and reflect our assumptions related to how market participants would use similar inputs to price the asset or liability. Accordingly, our estimates and assumptions could prove to be inaccurate. Also, changes in such estimates and assumptions from period to period could be material to our results of operations and financial condition. See *Part I. - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (4) - Fair Value Measurements and Financial Instruments* for further information.

Fiscal 2026: Second Quarter Results and Business Outlook

Financial results for the second quarter of fiscal 2026 include:

- Consolidated net sales were \$106.8 million, compared to \$126.6 million in the second quarter of fiscal 2025; as anticipated, the decline in net sales in the Satellite and Space Communications (“S&S”) segment primarily reflects the decision to phase out and eliminate certain low margin and working capital intensive revenues as well as the impact of the recent U.S. government shutdown. Examples include contracts for services, including the Very Small Aperture Terminal (“VSAT”) Satellite Systems and Services Contract and the Global Field Service Representative (“GFSR”) contract, as well as legacy troposcatter related products and services; Allerium reported higher net sales in all three of its product areas compared to the prior year period;
- Gross margin was 33.9%, compared to 26.7% in our second quarter of fiscal 2025; the improvement in our quarterly gross margin percentage builds upon the quarterly trend achieved throughout fiscal 2025 and the first quarter of fiscal 2026 to reduce cost of goods sold and to improve overall product mix;
- GAAP net loss attributable to common stockholders was \$20.2 million and included, among other things: (i) non-cash charges of \$19.9 million, of which (a) \$6.6 million related to the amortization of deferred financing costs, debt discount, accreted interest and interest paid-in-kind associated with our senior and subordinated credit facilities; (b) \$6.5 million related to net paid-in-kind dividends associated with our Convertible Preferred Stock; (c) \$5.0 million related to the amortization of intangible assets; (d) \$1.4 million related to the remeasurement of warrants and derivatives; and (e) \$0.4 million related to the amortization of stock-based compensation; and (ii) cash charges of \$1.9 million, of which (x) \$1.6 million related to restructuring costs; and (y) \$0.3 million related to CEO transition costs;
- GAAP EPS net loss of \$0.68 and Non-GAAP EPS net loss of \$0.18;
- Adjusted EBITDA (a Non-GAAP financial measure discussed below) of \$9.1 million, compared to \$2.9 million for the second quarter of fiscal 2025;
- New bookings (also referred to as orders) of \$175.4 million, resulting in a quarterly book-to-bill ratio of 1.64x (a measure defined as bookings divided by net sales); as part of our transformation plan, we have refocused and prioritized our product development and sales efforts to target higher margin opportunities in which we have greater differentiation;
- Backlog of \$731.6 million as of January 31, 2026, compared to \$672.1 million as of July 31, 2025 and \$763.8 million as of January 31, 2025;

- Revenue visibility of approximately \$1.1 billion as of January 31, 2026; we measure this revenue visibility as the sum of our \$731.6 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 provided by operating activities were \$4.9 million, our fourth consecutive quarter of positive operating cash flows; this includes \$4.2 million in aggregate payments for restructuring costs, including severance, and CEO transition costs; cash flows provided by operating activities would have been \$9.1 million without these costs; operating cash flows in the second quarter of fiscal 2026 include \$4.9 million of total net cash paid for interest and income taxes.

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 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Comparison of the Results of Operations for the Three Months Ended January 31, 2026 and 2025*” and “*Comparison of the Results of Operations for the Six Months Ended January 31, 2026 and 2025*.”

Other Key Business Developments and Updates

Satellite and Space Communications (or "S&S")

Our Satellite and Space Communications segment continues to focus on capitalizing on our differentiated capabilities, thoughtfully evaluating the product portfolio and implementing initiatives to improve margins and cash flow generation.

During the second quarter of fiscal 2026, we were awarded various orders including:

- over \$5.5 million of funded orders from several international government end customers of our troposcatter Family of Systems ("FoS"), including our rapidly deployable multi-path radios ("MPRs") and Modular Transportable Transmission Systems ("MTTS");
- incremental funding in excess of \$4.5 million for ongoing training and support of complex cybersecurity operations for U.S. government customers;
- approximately \$2.8 million in funded orders for high-frequency band amplifiers for use by a provider of high-speed satellite broadband services and secure networking systems covering military and commercial markets;
- over \$1.8 million in funded orders from the U.S. Navy for non-recurring engineering services;
- approximately \$1.2 million in funded orders for our software-defined, satellite communications network applications in support of upgrading domestic air traffic control platforms;
- in excess of \$1.0 million in follow-on orders for high-power amplifiers in support of an electronic warfare and countermeasures space program led by a U.S. government agency; and
- over \$1.0 million in funded orders for products and services related to electrical, electronic and electro-mechanical ("EEE") space parts and components in support of an international end customer's rocket launch initiatives.

In September 2025, as part of our operational efficiency and cost savings plans, we made the decision to migrate certain production capabilities and operational functions to our manufacturing operations in Chandler, Arizona. Such initiative is expected to be substantially completed in fiscal 2026, result in increased manufacturing efficiencies, allow us to further optimize our facilities footprint and result in recurring annualized cost savings over time of approximately \$3.0 million.

In March 2025, we announced the delivery of our first Digital Common Ground 7000 ("DCG-7000") high speed, small form factor, software-defined modems to Lite Coms for integration, interoperability and performance testing across diverse government and commercial satellite communications applications and ground terminal configurations. DCG-7000 modems support DVB-S2X, along with other protected waveforms, and incorporates modern cybersecurity design principles, including integrated Transmission Security ("TRANSEC") for over-the-air transmission.

In December 2024 (fiscal 2025), we received notice from our prime contractor to stop work associated with a legacy U.S. Marine Corps contract. We initiated litigation against the prime contractor in order to enforce our rights. As of July 31, 2025, \$15.7 million of total receivables related to our contract remained outstanding. In November 2025, we entered into discussions with our prime contractor to explore a comprehensive settlement of our pending litigation. Based on a settlement reached in February 2026, along with our cost mitigation actions taken, we reduced cumulative net sales and receivables related to this contract by \$2.9 million. Considering these adjustments and \$0.2 million of cash collections during the first half of fiscal 2026, total receivables related to our contract were \$12.6 million as of January 31, 2026. Litigation related to this matter has been paused while the parties carry out their respective duties under the terms of the settlement agreement, including submission of our termination settlement proposal to the customer. While we believe that we have meritorious claims, some or all of our receivables could be at risk of not being collected. Future results of operations related to our troposcatter solutions product line depend, in part, on the nature, timing and amount associated with resolving this matter.

Allerium

With strategic wins in the U.S., Canada and Australia, we believe Allerium's position as a trusted leader in 911, NG-911 and public safety applications positions us increasingly well to deliver similarly sophisticated solutions for other types of emergencies. New emergency-requesting devices, such as "wearables," vehicles, smart speakers and AI-capable cameras, along with new delivery methods, such as satellite networks, are expected to drive innovation and growth within the public safety market over time.

During the second quarter of fiscal 2026, we were awarded various orders including:

- over \$107.0 million of incremental funding toward a multi-year contract extension, valued in excess of \$130.0 million, by Allerium's largest customer, a leading telecommunications company in the U.S.;
- in excess of \$10.5 million in multi-year funding toward the deployment of a new next-generation 911 ("NG-911") system in the south central region of the U.S.;
- approximately \$3.0 million of funding from a domestic Tier 1 mobile network operator for advanced mobile location center software features;
- over \$2.0 million of incremental funding for certain upgrades to an existing NG-911 customer's statewide platform;
- approximately \$2.0 million of funding related to an existing customer's renewal of backend 911 communication-related services ultimately provided to other telecom providers, VoIP companies and messaging platforms;
- in excess of \$1.6 million of funding for a new multi-year contract to deploy our NG-911 Guardian call handling solutions in a Canadian province;
- approximately \$1.6 million of incremental funding from a domestic Tier 1 mobile network operator for various ESInet and location-based solutions;
- approximately \$1.5 million of funding to provide software engineering services to Allerium's largest customer in support of new features for wireless communication applications; and
- in excess of \$1.0 million of funding related to an existing customer's renewal of our NG-911 Guardian call handling solution in a Northeastern state.

Unallocated

In December 2025, as part of our ongoing board refreshment initiatives, our Board of Directors (the "Board") appointed Mary Jane Raymond as an independent director. Also, in January 2026, Wendi B. Carpenter notified us of her intention to retire as a director from the Board and not stand for re-election at our Fiscal 2025 Annual Meeting of Stockholders, which occurred on March 9, 2026 (the "Fiscal 2025 Annual Meeting"). All seven of the Board's nominees were re-elected at the Annual Meeting.

As previously disclosed, in March 2024, Comtech terminated Ken Peterman, its President and CEO at the time, for Cause. Also, as previously disclosed, Mr. Peterman filed a claim against the Company with the American Arbitration Association (“AAA”) claiming he was owed direct contractual damages in excess of \$6 million and consequential damages in excess of \$35 million. Comtech has defended itself against Mr. Peterman's claims and filed counterclaims against Mr. Peterman seeking damages for breach of fiduciary duty, malicious prosecution, abuse of process, breach of contract and defamation. In January 2026, Mr. Peterman's counsel wrote to the AAA with two motions, (i) voluntarily withdrawing Mr. Peterman's claims against Comtech, and (ii) seeking dismissal of Comtech's counterclaims against Mr. Peterman. In January 2026, the AAA granted Mr. Peterman's motion to withdraw all of his claims against Comtech in the arbitration, but rejected Mr. Peterman's motion for dismissal of Comtech's counterclaims. Comtech's counterclaims are still pending against Mr. Peterman. See *Part I. - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (19) – Legal Proceedings and Other Matters* of this Form 10-Q for information regarding legal proceedings and other matters.

Business Outlook

While business conditions and our operational and financial performance have improved over the past several quarters, the operating environment remains largely unpredictable due to many factors, including but not limited to those matters discussed throughout this Form 10-Q and in our *Cautionary Statement Regarding Forward-Looking Statements* in this Form 10-Q. Such conditions and factors have caused and could cause variability in our financial results from period to period. Accordingly, we are not providing forward-looking guidance on a GAAP or Non-GAAP basis.

Additional information related to our Business Outlook for Fiscal 2026 and a definition and explanation of Adjusted EBITDA is included in the below section *Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of the Results of Operations for the Three Months Ended January 31, 2026 and 2025*” and “*Comparison of the Results of Operations for the Six Months Ended January 31, 2026 and 2025*.”

COMPARISON OF RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JANUARY 31, 2026 AND 2025

Net Sales. Consolidated net sales were \$106.8 million and \$126.6 million for the three months ended January 31, 2026 and 2025, respectively, representing a decrease of \$19.8 million, or 15.6%. The period-over-period decrease reflects lower net sales in our Satellite and Space Communications segment, offset in part by higher sales in our Allerium segment, as further discussed below.

Satellite and Space Communications

Net sales in our Satellite and Space Communications segment were \$50.6 million for the three months ended January 31, 2026, as compared to \$73.7 million for the three months ended January 31, 2025, a decrease of \$23.1 million, or 31.3%. As anticipated, the decline in net sales in the S&S segment primarily reflects the decision to phase out and eliminate certain low margin and capital intensive revenues as well as the impact of the recent U.S. government shutdown. Examples include contracts for services, including the Very Small Aperture Terminal (“VSAT”) Satellite Systems and Services Contract and the Global Field Service Representative (“GFSR”) contract, as well as legacy troposcatter related products and services. As part of this repositioning, S&S is pursuing sales of innovative, higher-margin solutions such as digital common ground modems, network solutions and rapidly deployable multi-path radios (“MPRs”). This segment represented 47.4% of consolidated net sales for the three months ended January 31, 2026, as compared to 58.2% for the three months ended January 31, 2025. Our book-to-bill ratio (a measure defined as bookings divided by net sales) in this segment for the three months ended January 31, 2026 and 2025 was 0.68x and 0.64x, respectively, and reflects the aforementioned decision to phase out and eliminate certain low margin revenues, as well as order delays related to the recent U.S. government shutdown.

Allerium

Net sales in our Allerium segment were \$56.2 million for the three months ended January 31, 2026, as compared to \$52.9 million for the three months ended January 31, 2025, an increase of \$3.3 million, or 6.2%. Net sales for the three months ended January 31, 2026 reflect higher net sales in all three product areas (location-based, next-generation 911 (“NG-911”) and call handling solutions). This segment represented 52.6% of consolidated net sales for the three months ended January 31, 2026, as compared to 41.8% for the three months ended January 31, 2025. Our book-to-bill ratio in this segment for the three months ended January 31, 2026 and 2025 was 2.51x and 0.61x, respectively, and includes over \$107.0 million of incremental funding toward a multi-year contract extension, valued in excess of \$130.0 million, by Allerium's largest customer, a leading telecommunications company in the U.S.

Bookings, sales and profitability in both segments can fluctuate from period-to-period due to many factors, including unpredictable funding, deployment and technology decisions by our customers and changes in the general business environment. Period-to-period fluctuations in bookings are normal for our segments. As such, period-to-period comparisons of our results may not be indicative of a trend or future performance. Also, we announced that we are exploring strategic alternatives for our businesses. 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 three months ended January 31, 2026 and 2025 are as follows:

	Three months ended January 31,					
	2026	2025	2026	2025	2026	2025
	Satellite and Space Communications		Allerium		Consolidated	
U.S. government	32.5 %	59.9 %	0.9 %	1.1 %	15.9 %	35.4 %
Domestic	17.7 %	12.2 %	88.9 %	92.0 %	55.1 %	45.5 %
Total U.S.	50.2 %	72.1 %	89.8 %	93.1 %	71.0 %	80.9 %
International	49.8 %	27.9 %	10.2 %	6.9 %	29.0 %	19.1 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

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. For the three months ended January 31, 2026 and 2025, except for the U.S. government, there were no customers that represented 10% or more of consolidated net sales. International sales for the three months ended January 31, 2026 and 2025 (which include sales to U.S. domestic companies for inclusion in products that are sold to international customers) were \$30.9 million and \$24.2 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 10% or more of consolidated net sales for the three months ended January 31, 2026 and 2025.

Gross Profit. Gross profit was \$36.2 million and \$33.7 million for the three months ended January 31, 2026 and 2025, respectively, an increase of \$2.5 million, or 7.4%. Gross profit, as a percentage of consolidated net sales, for the three months ended January 31, 2026 was 33.9% as compared to 26.7% for the three months ended January 31, 2025. Our gross profit for the three months ended January 31, 2026 (both in dollars and as a percentage of consolidated net sales) reflects overall product mix changes, as discussed above, and improved operational and financial performance as a result of our transformation initiatives to, among other things, enhance operational efficiency, streamline product lines with a focus on strategic, higher operating margin products and reduce cost structures. The improvement in our quarterly gross profit percentage for the second quarter of fiscal 2026 builds upon the quarterly trend achieved throughout fiscal 2025 and first quarter of fiscal 2026. Gross profit, as a percentage of related segment net sales, is further discussed below.

Our Satellite and Space Communications segment's gross profit, in dollars, for the three months ended January 31, 2026 decreased and, as a percentage of related segment net sales, increased in comparison to the three months ended January 31, 2025. Gross profit in the more recent period reflects changes in products and services mix, as discussed above. Gross profit also benefited from this segment's transition from low or no margin non-recurring engineering contracts to higher volume manufacturing orders.

Our Allerium segment's gross profit, both in dollars and as a percentage of related segment net sales, for the three months ended January 31, 2026 increased in comparison to the three months ended January 31, 2025. The gross profit percentage in the more recent period reflects changes in products and services mix, as discussed above. In addition to the benefit of cost reduction initiatives, such gross margin also reflects the continued adoption of our solutions by new customers, as well as the migration of more PSAPs onto our NG-911 core services and platforms, as we progress through initial deployments of our solutions to monthly recurring revenue streams.

Included in consolidated cost of sales for the three months ended January 31, 2026 and 2025 are provisions for excess and obsolete inventory of \$0.9 million and \$1.6 million, respectively. As discussed in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates - 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.

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 plan.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$27.7 million and \$33.8 million for the three months ended January 31, 2026 and 2025, respectively. As a percentage of consolidated net sales, selling, general and administrative expenses were 25.9% and 26.7% for the three months ended January 31, 2026 and 2025, respectively.

During the three months ended January 31, 2026 and 2025, we incurred \$1.6 million and \$3.4 million, respectively, of restructuring costs primarily to streamline our operations and improve efficiency (including costs related to legal and professional fees associated with our pursuit of strategic alternatives, the wind down of our steerable antenna product line in the U.K. initiated in our fourth quarter of fiscal 2024 and severance costs). Excluding restructuring costs, selling, general and administrative expenses for the three months ended January 31, 2026 and 2025 would have been \$26.1 million, or 24.4%, and \$30.4 million, or 24.0%, respectively, of consolidated net sales. The decrease in our selling, general and administrative expenses, in dollars, excluding such items, is primarily due to cost reduction actions within our Unallocated segment. The increase in our selling, general and administrative expenses, as a percentage of consolidated net sales, excluding such items is primarily due to lower consolidated net sales.

Amortization of stock-based compensation expense recorded as selling, general and administrative expenses was \$0.3 million in the three months ended January 31, 2026, as compared to \$1.0 million in the three months ended January 31, 2025. During the more recent period, we reversed a portion of our stock-based compensation expense related to performance shares due to revised estimates of projected achievement of fiscal 2024 and 2025 performance share goals. Amortization of stock-based compensation is not allocated to our two reportable operating segments.

Research and Development Expenses. Company-funded research and development expenses were \$4.4 million for both the three months ended January 31, 2026 and 2025. As a percentage of consolidated net sales, company-funded research and development expenses were 4.1% and 3.4% for the three months ended January 31, 2026 and 2025, respectively.

For the three months ended January 31, 2026 and 2025, company-funded research and development expenses of \$1.8 million and \$1.5 million, respectively, related to our Satellite and Space Communications segment, and \$2.6 million and \$2.8 million, respectively, related to our Allerium segment. The remaining company-funded research and development expenses in each period related to the amortization of stock-based compensation expense.

When appropriate, we seek customer funding for research and development to adapt our products to specialized customer requirements. During the three months ended January 31, 2026 and 2025, customers reimbursed us \$5.7 million and \$5.5 million, respectively, which is not reflected in the reported company-funded research and development expenses, but is included in net sales with the related costs included in cost of sales.

During the three months ended January 31, 2026 and 2025, we also separately incurred engineering efforts related to cost to fulfill contract assets and internal use software, for which we capitalized \$1.7 million and \$1.3 million, respectively.

Amortization of Intangibles. Amortization relating to intangible assets with finite lives for both the three months ended January 31, 2026 and 2025 was \$5.0 million (of which \$1.4 million was for the Satellite and Space Communications segment and \$3.6 million was for the Allerium segment), respectively.

CEO Transition Costs. During the three months ended January 31, 2026, we recorded a \$0.3 million net expense associated with our CEO transition-related activities, as compared to a net benefit of \$0.3 million for the three months ended January 31, 2025. Such Unallocated activities in both periods consisted primarily of net legal costs related to a former CEO and expense related to a sign-on bonus for our current CEO, and severance costs related to a former CEO in the prior year period. See *Part I - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (19) – Legal Proceedings and Other Matters* of this Form 10-Q for information regarding legal proceedings and other matters.

Proxy Solicitation Costs. During the prior year period in fiscal 2025, we incurred \$1.1 million of proxy solicitation costs in our Unallocated segment as a result of a now-settled proxy contest.

Operating Income (Loss). Operating loss for the three months ended January 31, 2026 and 2025 was \$1.2 million and \$10.3 million, respectively. Operating income (loss) by reportable segment is shown in the table below:

(\$ in millions)	Three months ended January 31,							
	2026	2025	2026	2025	2026	2025	2026	2025
	Satellite and Space Communications		Allerium		Unallocated		Consolidated	
Operating income (loss)	\$ 2.5	1.2	5.5	3.4	(9.3)	(14.8)	\$ (1.2)	(10.3)
Percentage of related net sales	5.0 %	1.6 %	9.9 %	6.4 %	NA	NA	NA	NA

Our GAAP operating loss of \$1.2 million for the three months ended January 31, 2026 reflects: (i) \$5.0 million of amortization of intangibles; (ii) \$1.6 million of restructuring costs (of which \$0.7 million and \$0.9 million related to our Satellite and Space Communications and Unallocated segments, respectively); (iii) \$0.4 million of amortization of stock-based compensation; and (iv) \$0.3 million of CEO transition costs, as discussed above. Excluding such items, our consolidated operating income for the three months ended January 31, 2026 would have been \$6.2 million, or 5.8% of consolidated net sales.

Our GAAP operating loss of \$10.3 million for the three months ended January 31, 2025 reflects: (i) \$5.0 million of amortization of intangibles; (ii) \$3.4 million of restructuring costs (of which \$1.4 million and \$2.0 million related to our Satellite and Space Communications and Unallocated segments, respectively); (iii) \$1.2 million of amortization of stock-based compensation; (iv) \$1.1 million of proxy solicitation costs; and (v) \$0.3 million benefit related to CEO transition activities, as discussed above. Excluding such items, our consolidated operating income for the three months ended January 31, 2025 would have been \$0.1 million, or 0.1% of consolidated net sales.

The increase, excluding the above items, from \$0.1 million of operating income to \$6.2 million of operating income for the more recent period primarily reflects higher gross profit, both in dollars and as a percentage of consolidated net sales, and lower selling, general and administrative expenses, as discussed above. Operating income by reportable segment is further discussed below.

The increase in our Satellite and Space Communications segment operating income, both in dollars and as a percentage of segment net sales, primarily reflects lower selling, general and administrative expenses (due to cost reduction actions), partially offset by lower net sales and gross profit, in dollars, and higher research and development expenses, as discussed above.

The increase in our Allerium segment operating income, both in dollars and as a percentage of segment net sales, primarily reflects higher net sales and gross profit, both in dollars and as a percentage of segment net sales, and lower research and development expenses, as discussed above, offset in part by higher selling, general and administrative expenses.

Excluding the impact of its respective portion of restructuring charges, CEO transition costs and proxy solicitation costs in each period, Unallocated expenses for the three months ended January 31, 2026 would have been \$8.1 million, as compared to \$12.1 million for the three months ended January 31, 2025. The decrease in Unallocated expenses, excluding such items, was primarily due to lower overall expenditures for selling, general and administrative expenses, including stock-based compensation, as discussed above.

Interest Expense and Other. Interest expense was \$11.2 million and \$11.0 million for the three months ended January 31, 2026 and 2025, respectively. While total interest expense was generally consistent from period to period, the more recent period reflects a shift from cash interest associated with our Credit Facility to accretion of make-whole adjustments and paid in kind interest associated with our Subordinated Credit Facility. Our effective interest rate in the more recent period was approximately 18.0%, as compared to 19.0% in the prior year period. Our current cash borrowing rate under our Credit Facility is approximately 13.9%, as compared to 14.2% in the corresponding prior year period.

Interest (Income) and Other. Interest (income) and other for both the three months ended January 31, 2026 and 2025 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.

Change in Fair Value of Warrants and Derivatives. During the three months ended January 31, 2026 and 2025, we recorded a non-cash expense of \$1.4 million and \$28.6 million, respectively, due to the remeasurement of warrants and derivatives related to our Credit Facility, Subordinated Credit Facility and Convertible Preferred Stock. See *Part I - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (4) - Fair Value Measurements and Financial Instruments, Note (9) - Credit Facility, Note (10) - Subordinated Credit Facility and Note (17) - Convertible Preferred Stock* for more information.

Provision for (benefit from) Income Taxes. For the three months ended January 31, 2026, we recorded a nominal tax expense, as compared to a \$1.0 million tax benefit for the three months ended January 31, 2025. Our effective tax rate (excluding discrete tax items) for the three months ended January 31, 2026 and 2025 was (2.8)% and (1.7)%, respectively. The change in rate is primarily due to changes in expected product and geographic mix.

For purposes of determining our estimated annual effective tax rate ("AETR") to be applied to earnings from continuing operations for fiscal 2026, the change in fair value of warrants and derivatives and CEO transition costs are considered significant, unusual or infrequently occurring discrete tax items and are excluded from the computation of our AETR.

During the three months ended January 31, 2026, we recorded a net discrete tax benefit of \$0.3 million primarily due to higher actual deductions taken related to certain expenses associated with our Canadian operations, offset in part by interest expense accrued on unrecognized tax benefits. During the three months ended January 31, 2025, we recorded a net discrete tax benefit of \$0.1 million which was primarily related to the settlement of stock-based awards.

Our U.S. federal income tax returns for fiscal 2022 through 2025 are subject to Internal Revenue Service ("IRS") audit, including our fiscal 2023 income tax return which was recently selected by the IRS for examination. None of our state income tax returns prior to fiscal 2021 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 the three months ended January 31, 2026 and 2025, consolidated net loss attributable to common stockholders was \$20.2 million and \$22.4 million, respectively. In addition to those items discussed above, during the three months ended January 31, 2026, we recorded \$6.5 million of net dividends related to our Convertible Preferred Stock; whereas, during the three months ended January 31, 2025, we recorded \$26.4 million of net deemed contributions related to our Convertible Preferred Stock.

Adjusted EBITDA. Adjusted EBITDA (both in dollars and as a percentage of related net sales) for both the three months ended January 31, 2026 and 2025 are shown in the table below (numbers in the table may not foot due to rounding):

	Three months ended January 31,							
	2026	2025	2026	2025	2026	2025	2026	2025
(\$ in millions)	Satellite and Space Communications		Allerium		Unallocated		Consolidated	
Operating (loss) income	\$ 2.5	1.2	5.5	3.4	(9.3)	(14.8)	\$(1.2)	(10.3)
Amortization of stock-based compensation	—	—	—	—	0.4	1.2	0.4	1.2
Amortization of intangibles	1.4	1.4	3.6	3.6	—	—	5.0	5.0
Depreciation	0.7	0.7	2.2	1.9	0.1	0.2	3.0	2.8
Restructuring costs	0.7	1.4	—	—	0.9	2.0	1.6	3.4
Proxy solicitation costs	—	—	—	—	—	1.1	—	1.1
CEO transition costs	—	—	—	—	0.3	(0.3)	0.3	(0.3)
Adjusted EBITDA	\$ 5.4	4.7	11.3	8.9	(7.6)	(10.7)	\$ 9.1	2.9
Percentage of related net sales	10.6 %	6.4 %	20.2 %	16.9 %	NA	NA	8.6 %	2.3 %

The increase in consolidated Adjusted EBITDA, both in dollars and as a percentage of consolidated net sales, for the three months ended January 31, 2026 as compared to the three months ended January 31, 2025 reflects higher gross profit, both in dollars and as a percentage of consolidated net sales, and lower selling, general and administrative expenses, as discussed above.

The increase in our Satellite and Space Communications segment's Adjusted EBITDA, both in dollars and as a percentage of segment net sales, primarily reflects lower selling, general and administrative expenses (due to cost reduction actions), partially offset by lower net sales and gross profit, in dollars, and higher research and development expenses, as discussed above.

The increase in our Allerium segment's Adjusted EBITDA, both in dollars and as a percentage of segment net sales, reflects higher net sales and gross profit (both in dollars and as a percentage of segment net sales) and lower research and development expenses, as discussed above, offset in part by higher selling, general and administrative expenses.

A reconciliation of our fiscal 2025 GAAP operating loss to Adjusted EBITDA loss is shown in the table below (numbers in the table may not foot due to rounding):

(\$ in millions)	Fiscal Year 2025	
Reconciliation of GAAP Operating income (loss) to Adjusted EBITDA:		
Operating loss	\$	(139.1)
Amortization of stock-based compensation		3.1
Amortization of intangibles		21.7
Impairment of long-lived assets, including goodwill		79.6
Depreciation		11.8
Amortization of cost to fulfill assets		0.3
Restructuring costs		15.6
Strategic emerging technology costs		0.3
Proxy solicitation costs		2.7
CEO transition costs		2.1
Adjusted EBITDA	\$	(2.0)

Reconciliations of our GAAP consolidated results to the corresponding Non-GAAP measures are shown in the tables below (numbers and per share amounts in the tables may not foot due to rounding). Non-GAAP results reflect Non-GAAP provisions for (benefits from) income taxes based on year-to-date 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 millions, except for per share amount)	Three months ended January 31, 2026		
	Operating (Loss) Income	Net Loss Attributable to Common Stockholders	Net Loss per Diluted Common Share
Reconciliation of GAAP to Non-GAAP Earnings:			
GAAP measures, as reported	\$ (1.2)	\$ (20.2)	\$ (0.68)
Adjustments to reflect redemption value of convertible preferred stock	—	6.5	0.22
Change in fair value of warrants and derivatives	—	1.4	0.05
Amortization of intangibles	5.0	4.8	0.16
Restructuring costs	1.6	1.6	0.06
Amortization of stock-based compensation	0.4	0.4	0.01
CEO transition costs	0.3	0.3	0.01
Net discrete tax benefit	—	(0.3)	(0.01)
Non-GAAP measures	\$ 6.2	\$ (5.4)	\$ (0.18)

	Three months ended January 31, 2025		
	Operating (Loss) Income	Net Loss Attributable to Common Stockholders	Net Loss per Diluted Common Share
(\$ in millions, except for per share amount)			
Reconciliation of GAAP to Non-GAAP Earnings:			
GAAP measures, as reported	\$ (10.3)	\$ (22.4)	\$ (0.76)
Adjustments to reflect redemption value of convertible preferred stock	—	(26.4)	(0.90)
Change in fair value of warrants and derivatives	—	28.6	0.98
Amortization of intangibles	5.0	4.8	0.16
Amortization of stock-based compensation	1.2	1.1	0.04
Restructuring costs	3.4	3.2	0.11
Proxy solicitation costs	1.1	1.0	0.03
CEO transition costs	(0.3)	(0.3)	(0.01)
Net discrete tax expense	—	0.1	—
Non-GAAP measures	<u>\$ 0.1</u>	<u>\$ (10.3)</u>	<u>\$ (0.35)</u>

Our Adjusted EBITDA is a Non-GAAP measure that represents earnings (loss) before interest, income taxes, depreciation, amortization of intangibles, impairment of long-lived assets, including goodwill, amortization of cost to fulfill assets, amortization of stock-based compensation, CEO transition costs, change in fair value of warrants and derivatives, proxy solicitation costs, restructuring costs, strategic emerging technology costs (for next-generation satellite technology) and write-off of deferred financing costs and debt discounts, and in the recent past, acquisition plan expenses, change in fair value of the convertible preferred stock purchase option liability, COVID-19 related costs, facility exit costs, strategic alternatives expenses and other and loss on business divestiture. 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. Although closely aligned, our definition of Adjusted EBITDA is different than EBITDA (as such term is defined in our Credit Facility and Subordinated 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, as well as adjusted operating income (loss), net income (loss) attributable to common shareholders and net income (loss) per diluted common share, as presented in the above tables, are non-GAAP measures. These Non-GAAP measures are frequently requested by investors and analysts. We believe that investors and analysts may use these Non-GAAP measures 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. As we have not provided future Non-GAAP financial guidance or targets, there is no need to reconcile our business outlook to the most directly comparable GAAP measures. Furthermore, even if guidance or 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 at this time. 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 would not be available without unreasonable effort and such unavailable reconciling items could significantly impact our financial results.

COMPARISON OF RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JANUARY 31, 2026 AND 2025

Net Sales. Consolidated net sales were \$217.8 million and \$242.4 million for the six months ended January 31, 2026 and 2025, respectively, representing a decrease of \$24.6 million, or 10.1%. The period-over-period decrease reflects lower net sales in our Satellite and Space Communications segment, offset in part by higher net sales in our Allerium segment, as further discussed below.

Satellite and Space Communications

Net sales in our Satellite and Space Communications segment were \$105.7 million for the six months ended January 31, 2026 as compared to \$132.7 million for the six months ended January 31, 2025, a decrease of \$27.0 million, or 20.3%. As anticipated, the decline in net sales in the S&S segment primarily reflects the decision to phase out and eliminate certain low margin and capital intensive revenues as well as the impact of the recent U.S. government shutdown. Examples include contracts for services, including the Very Small Aperture Terminal (“VSAT”) Satellite Systems and Services Contract and the Global Field Service Representative (“GFSR”) contract, as well as legacy troposcatter related products and services. As part of this repositioning, S&S is pursuing sales of innovative, higher-margin solutions such as digital common ground modems, network solutions and rapidly deployable multi-path radios (“MPRs”). Our Satellite and Space Communications segment represented 48.5% of consolidated net sales for the six months ended January 31, 2026, as compared to 54.7% for the six months ended January 31, 2025. Our book-to-bill ratio (a measure defined as bookings divided by net sales) in this segment for the six months ended January 31, 2026 and 2025 was 0.73x and 0.80x, respectively, and reflects the aforementioned decision to phase out and eliminate certain low margin revenues, as well as order delays related to the recent U.S. government shutdown.

Allerium

Net sales in our Allerium segment were \$112.1 million for the six months ended January 31, 2026, as compared to \$109.7 million for the six months ended January 31, 2025, an increase of \$2.4 million, or 2.2%. Segment net sales for the six months ended January 31, 2026 primarily reflect higher net sales of location-based and NG-911 solutions, offset in part by lower sales of call handling solutions. Our Allerium segment represented 51.5% of consolidated net sales for the six months ended January 31, 2026, as compared to 45.3% for the six months ended January 31, 2025. Our book-to-bill ratio in this segment for the six months ended January 31, 2026 and 2025 was 1.79x and 0.92x, respectively, and includes funding toward a multi-year contract extension, valued in excess of \$130.0 million, by Allerium’s largest customer, a leading telecommunications company in the U.S.

Bookings, sales and profitability in both segments can fluctuate from period-to-period due to many factors, including unpredictable funding, deployment and technology decisions by our customers and changes in the general business environment. Period-to-period fluctuations in bookings are normal for our segments. As such, period-to-period comparisons of our results may not be indicative of a trend or future performance. Also, we announced that we are exploring strategic alternatives for our businesses. 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 six months ended January 31, 2026 and 2025 are as follows:

	Six months ended January 31,					
	2026	2025	2026	2025	2026	2025
	Satellite and Space Communications		Allerium		Consolidated	
U.S. government	31.0 %	63.8 %	1.4 %	1.1 %	15.8 %	35.4 %
Domestic	18.1 %	10.4 %	89.7 %	90.9 %	54.9 %	46.9 %
Total U.S.	49.1 %	74.2 %	91.1 %	92.0 %	70.7 %	82.3 %
International	50.9 %	25.8 %	8.9 %	8.0 %	29.3 %	17.7 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

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. For the six months ended January 31, 2026 and 2025, the U.S. government represented 10.0% or more of our consolidated net sales. Also, for the six months ended January 31, 2026, a domestic top tier mobile network operator accounted for 10.2% of our consolidated net sales. For the six months ended January 31, 2025, except for the U.S. government, there were no customers that represented 10.0% or more of consolidated net sales. International sales for the six months ended January 31, 2026 and 2025 (which include sales to U.S. domestic companies for inclusion in products that are sold to international customers) were \$63.9 million and \$43.0 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 10% or more of consolidated net sales for the six months ended January 31, 2026 and 2025.

Gross Profit. Gross profit was \$73.0 million and \$48.3 million for the six months ended January 31, 2026 and 2025, respectively, an increase of \$24.7 million, or 51.1%. Gross profit, as a percentage of consolidated net sales, for the six months ended January 31, 2026 was 33.5% as compared to 19.9% for the six months ended January 31, 2025. Our gross profit for the six months ended January 31, 2026 (both in dollars and as a percentage of consolidated net sales) reflects overall product mix changes, as discussed above, and improved operational and financial performance, as a result of our transformation initiatives to, among other things, enhance operational efficiency, streamline product lines with a focus on strategic, higher operating margin products and reduce cost structures. Gross profit in the prior year period included, among other charges, an \$11.4 million non-cash charge related to the write down of certain inventories as a result of restructuring activities within our Satellite and Space Communications segment. Excluding the non-cash inventory-related charge in the prior year period, our gross profit, as a percentage of consolidated net sales, for the six months ended January 31, 2025 would have been 24.6%. Gross profit, as a percentage of related segment net sales, is further discussed below.

Our Satellite and Space Communications segment's gross profit, both in dollars and as a percentage of segment net sales, for the six months ended January 31, 2026 increased significantly in comparison to the six months ended January 31, 2025. Gross profit in the more recent period reflects changes in products and services mix, as well as other segment related items, as discussed above. Gross profit also benefited from this segment's transition from low or no margin non-recurring engineering contracts to higher volume manufacturing orders. Our quarterly gross profit percentage for this segment improved throughout fiscal 2025 and first half of fiscal 2026.

Our Allerium segment's gross profit, both in dollars and as a percentage of segment net sales, for the six months ended January 31, 2026 increased in comparison to the six months ended January 31, 2025. The gross profit percentage in the more recent period reflects changes in products and services mix, as discussed above. In addition to the benefit of cost reduction initiatives, such gross margin also reflects the continued adoption of our solutions by new customers, as well as the migration of more PSAPs onto our NG-911 core services and platforms, as we progress through initial deployments of our solutions to monthly recurring revenue streams.

Included in consolidated cost of sales for the six months ended January 31, 2026 and 2025 are provisions for excess and obsolete inventory of \$1.0 million and \$13.5 million, respectively. As discussed in *Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates - 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. As discussed above, in the prior year period, we recorded a non-cash charge of \$11.4 million within *Cost of Sales* on our *Condensed Consolidated Statement of Operations* related to the write down of inventory associated with approximately 70 products within our satellite ground infrastructure product line that were discontinued. Such prior year period non-cash charge also included the write down of inventory associated with the CGC Divestiture that was no longer considered salable during the period.

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 plan.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$57.6 million and \$85.5 million for the six months ended January 31, 2026 and 2025, respectively. As a percentage of consolidated net sales, selling, general and administrative expenses were 26.5% and 35.3% for the six months ended January 31, 2026 and 2025, respectively.

During the prior year period in fiscal 2025, we determined that an unbilled receivable contract asset related to an international customer and reseller of our troposcatter technologies was at risk of not being invoiced or collected. As a result and considering that we offered a price concession (i.e., variable consideration) to our customer, in the first quarter of fiscal 2025, our Satellite and Space Communications segment reversed \$1.6 million of cumulative revenue and associated unbilled receivable contract assets related to this transaction and recorded a non-cash charge to fully reserve for the remaining \$17.4 million unbilled receivable contract asset within our allowance for doubtful accounts.

Also, during the six months ended January 31, 2026 and 2025, we incurred \$4.1 million and \$9.9 million, respectively, of restructuring costs primarily to streamline our operations and improve efficiency (including costs related to legal and professional fees associated with our pursuit of strategic alternatives, the wind down of our steerable antenna product line in the U.K. initiated in our fourth quarter of fiscal 2024 and severance costs).

Excluding such provision for doubtful accounts and restructuring costs, selling, general and administrative expenses for the six months ended January 31, 2026 and 2025 would have been \$53.5 million, or 24.6% and \$58.2 million or 24.0%, respectively, of consolidated net sales. The decrease in our selling, general and administrative expenses, in dollars, excluding such items, is primarily due to cost reduction actions within our Unallocated segment. The increase in our selling, general and administrative expenses, as a percentage of consolidated net sales, excluding such items, is primarily due to lower consolidated net sales.

Amortization of stock-based compensation expense recorded as selling, general and administrative expenses was \$1.4 million and \$1.0 million, respectively, for six months ended January 31, 2026 and 2025. During both respective periods, we reversed a portion of our stock-based compensation expense related to performance shares due to lower actual or projected achievement of goals related to certain performance shares granted in prior fiscal years. Stock-based compensation expense for the prior year period also reflects the forfeiture of awards related to our former Chief Operating Officer and former Chief Executive Officer, whose employment were both terminated during the prior year period. Amortization of stock-based compensation is not allocated to our two reportable operating segments.

Research and Development Expenses. Company-funded research and development expenses were \$8.2 million and \$8.1 million for the six months ended January 31, 2026 and 2025, respectively, representing an increase of \$0.1 million, or 1.9%. As a percentage of consolidated net sales, company-funded research and development expenses were 3.8% and 3.3% for the six months ended January 31, 2026 and 2025, respectively.

For the six months ended January 31, 2026 and 2025, company-funded research and development expenses of \$2.8 million and \$2.4 million, respectively, related to our Satellite and Space Communications segment and \$5.4 million and \$5.6 million, respectively, related to our Allerium segment. The remaining company-funded research and development expenses in the six months ended January 31, 2026 and 2025 related to the amortization of stock-based compensation expense.

When appropriate, we seek customer funding for research and development to adapt our products to specialized customer requirements. During the six months ended January 31, 2026 and 2025, customers reimbursed us \$11.8 million and \$10.3 million, respectively, which is not reflected in the reported company-funded research and development expenses, but is included in net sales with the related costs included in cost of sales.

During the six months ended January 31, 2026 and 2025, we also separately incurred engineering efforts related to cost to fulfill contract assets and internal use software, for which we capitalized \$3.2 million and \$3.4 million, respectively.

During the prior year period in fiscal 2025, we incurred \$0.3 million 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. Commencing in the second quarter of fiscal 2025, as a result of our decision to cease operations related to our steerable antenna product line in the U.K., we no longer have such costs.

Amortization of Intangibles. Amortization relating to intangible assets with finite lives for the six months ended January 31, 2026 and 2025 was \$10.1 million (of which \$2.9 million was for the Satellite and Space Communications segment and \$7.2 million was for the Allerium segment) compared to \$11.6 million (of which \$4.4 million was for the Satellite and Space Communications segment and \$7.2 million was for the Allerium segment), respectively. The decrease in our Satellite and Space Communications segment's amortization reflects the impact of our fourth quarter fiscal 2024 decision to wind down our steerable antenna product line in the U.K.

CEO Transition Costs. During the six months ended January 31, 2026 and 2025, we recorded a net expense of \$1.1 million and \$0.3 million, respectively. Such Unallocated activities in both periods consisted primarily of net legal costs related to a former CEO and expense related to a sign-on bonus for our current CEO, and third party CEO search firm expenses and severance costs related to a former CEO in the prior year period. See *Part I. - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (19) – Legal Proceedings and Other Matters* of this Form 10-Q for information regarding legal proceedings and other matters.

Proxy Solicitation Costs. During the prior year period, we incurred \$2.7 million of proxy solicitation costs in our Unallocated segment as a result of a now-settled proxy contest.

Impairment of Long-Lived Assets, including Goodwill. Based on lower-than-expected financial performance within our Satellite and Space Communications segment during the prior year period, and other factors, we performed a quantitative goodwill impairment test as of October 31, 2024 and 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 prior year period, we recognized a \$79.6 million non-cash goodwill impairment charge in our Satellite and Space Communications reporting unit. See *Part I. - Financial Information - Item 1. - Note (15) - Long-Lived Assets, including Goodwill* for further information.

Operating Income (Loss). Our operating loss for the six months ended January 31, 2026 and 2025 was \$4.0 million and \$139.4 million, respectively. Operating income (loss) by reportable segment is shown in the table below:

(\$ in millions)	Six months ended January 31,							
	2026	2025	2026	2025	2026	2025	2026	2025
	Satellite and Space Communications		Allerium		Unallocated		Consolidated	
Operating income (loss)	\$ 5.7	(117.6)	11.0	8.7	(20.7)	(30.5)	\$ (4.0)	(139.4)
Percentage of related net sales	5.4 %	NA	9.8 %	7.9 %	NA	NA	NA	NA

Our GAAP operating loss of \$4.0 million for the six months ended January 31, 2026 reflects: (i) \$10.1 million of amortization of intangibles; (ii) \$4.1 million of restructuring costs (of which \$1.5 million and \$2.6 million related to our Satellite and Space Communications and Unallocated segments, respectively); (iii) \$1.5 million of amortization of stock-based compensation; and (iv) \$1.1 million of CEO transition costs, as discussed above. Excluding such items, our consolidated operating income for the six months ended January 31, 2026 would have been \$12.8 million, or 5.9% of net sales.

Our GAAP operating loss of \$139.4 million for the six months ended January 31, 2025 reflects: (i) a non-cash goodwill impairment charge of \$79.6 million; (ii) \$11.6 million of amortization of intangibles; (iii) \$9.9 million of restructuring costs (of which \$3.8 million, \$0.1 million and \$6.0 million related to our Satellite and Space Communications, Allerium and Unallocated segments, respectively); (iv) \$2.7 million of proxy solicitation costs; (v) \$1.3 million of amortization of stock-based compensation; (vi) \$0.3 million of CEO transition costs; (vii) \$0.3 million of strategic emerging technology costs; and (viii) \$0.3 million of amortization of cost to fulfill assets, as discussed above. Excluding such items, our consolidated operating loss for the six months ended January 31, 2025 would have been \$33.5 million.

The significant improvement, excluding the above items, from the \$33.5 million operating loss in the prior year period to \$12.8 million of operating income for the more recent period primarily reflects higher gross profit (both in dollars and as percentage of consolidated net sales) and lower selling, general and administrative expenses, offset in part by higher research and development expenses, as discussed above. Operating income (loss) by reportable segment is further discussed below.

The significant improvement in our Satellite and Space Communications segment operating income for the six months ended January 31, 2026 primarily reflects lower selling, general and administrative expenses, higher gross profit (both in dollars and as a percentage of segment net sales) and lower amortization of intangibles, offset in part by higher research and development expenses, as discussed above. The prior year period also included a \$79.6 million non-cash charge related to the impairment of goodwill within our Satellite and Space Communications segment.

The increase in our Allerium segment operating income in the more recent period primarily reflects higher gross profit (both in dollars and as a percentage of segment net sales) and lower research and development expenses, as discussed above, offset in part by higher selling, general and administrative expenses.

Excluding the impact of its respective portion of restructuring charges, CEO transition costs and proxy solicitation costs in each period, Unallocated expenses for the more recent period would have been \$17.0 million, as compared to \$21.5 million in the prior year period. The decrease in Unallocated expenses, excluding such items, was primarily due to lower overall expenditures for selling, general and administrative expenses due to cost reduction actions, offset in part by higher stock-based compensation, as discussed above.

Interest Expense and Other. Interest expense was \$22.8 million and \$20.5 million for the six months ended January 31, 2026 and 2025, respectively. The more recent period reflects a shift from cash interest associated with our Credit Facility to accretion of make-whole adjustments and paid in kind interest associated with our Subordinated Credit Facility. Our effective interest rate in the more recent period was approximately 18.2%, as compared to 18.9% in the prior year period. Our current cash borrowing rate under our Credit Facility is approximately 13.9%, which reflects the benefit of amendments to the Credit Facility and lower interest rates, as compared to 14.2% in the corresponding prior year period.

Interest (Income) and Other. Interest (income) and other for both the six months ended January 31, 2026 and 2025 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.

Change in Fair Value of Warrants and Derivatives. During the six months ended January 31, 2026 and 2025, we recorded a \$2.7 million and \$34.1 million non-cash expense, respectively, due to the remeasurement of warrants and derivatives related to our Credit Facility, Subordinated Credit Facility and Convertible Preferred Stock. See *Part I. - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (4) - Fair Value Measurements and Financial Instruments, Note (9) - Credit Facility, Note (10) - Subordinated Credit Facility and Note (17) - Convertible Preferred Stock* for more information.

Write-off of Deferred Financing Costs and Debt Discounts. In connection with the October 17, 2024 amendment to the Credit Facility, \$1.4 million of deferred financing fees and debt discounts were immediately expensed during the prior year period.

Provision For Income Taxes. For the six months ended January 31, 2026 and 2025, we recorded a tax expense of \$0.5 million and \$1.2 million, respectively. Our effective tax rate (excluding discrete tax items) for the six months ended January 31, 2026 and 2025 was (2.8)% and (1.7)%, respectively. The change in rate is primarily due to changes in expected product and geographical mix.

For purposes of determining our estimated AETR to be applied to earnings from continuing operations for fiscal 2026, the change in fair value of warrants and derivatives and CEO transition costs are considered significant, unusual or infrequently occurring discrete tax items and are excluded from the computation of our AETR.

During the six months ended January 31, 2026, we recorded a net discrete tax benefit of \$0.2 million primarily due to higher actual deductions taken related to certain expenses associated with our Canadian operations, offset in part by interest expense accrued on unrecognized tax benefits. During the six months ended January 31, 2025, we recorded a net discrete tax benefit of \$0.2 million primarily related to proxy solicitation costs and CEO transition costs.

Our U.S. federal income tax returns for fiscal 2022 through 2025 are subject to IRS audit, including our fiscal 2023 income tax return which was recently selected by the IRS for examination. None of our state and foreign income tax returns prior to fiscal 2021 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 the six months ended January 31, 2026 and 2025, consolidated net loss attributable to common stockholders was \$39.9 million and \$178.2 million, respectively. In addition to those items discussed above: (i) the more recent period includes \$10.4 million of net dividends related to our Convertible Preferred Stock; and (ii) the prior year period includes a \$51.2 million gain related to the exchange of our Series B-1 for Series B-2 Convertible Preferred Stock on October 17, 2024, offset in part by \$32.3 million of net dividends related to our Convertible Preferred Stock outstanding during the period.

Adjusted EBITDA. Adjusted EBITDA (both in dollars and as a percentage of related net sales) for both the six months ended January 31, 2026 and 2025 are shown in the table below (numbers in the table may not foot due to rounding):

(\$ in millions)	Six months ended January 31,							
	2026	2025	2026	2025	2026	2025	2026	2025
	Satellite and Space Communications		Allerium		Unallocated		Consolidated	
Operating (loss) income	\$ 5.7	(117.6)	11.0	8.7	(20.7)	(30.5)	\$ (4.0)	(139.4)
Amortization of stock-based compensation	—	—	—	—	1.5	1.3	1.5	1.3
Amortization of intangibles	2.9	4.4	7.2	7.2	—	—	10.1	11.6
Impairment of long-lived assets, including goodwill	—	79.6	—	—	—	—	—	79.6
Depreciation	1.3	1.5	4.4	3.9	0.2	0.2	6.0	5.7
Amortization of cost to fulfill assets	—	0.3	—	—	—	—	—	0.3
Restructuring costs	1.5	3.8	—	0.1	2.6	6.0	4.1	9.9
Strategic emerging technology costs	—	0.3	—	—	—	—	—	0.3
Proxy solicitation costs	—	—	—	—	—	2.7	—	2.7
CEO transition costs	—	—	—	—	1.1	0.3	1.1	0.3
Adjusted EBITDA	\$ 11.4	(27.8)	22.7	19.9	(15.3)	(20.0)	\$ 18.7	(27.9)
Percentage of related net sales	10.8 %	NA	20.2 %	18.1 %	NA	NA	8.6 %	NA

The increase in consolidated Adjusted EBITDA for the six months ended January 31, 2026 as compared to the six months ended January 31, 2025 primarily reflects higher gross profit (both in dollars and as percentage of consolidated net sales) and lower selling, general and administrative expenses, offset in part by higher research and development expenses, as discussed above.

The increase in our Satellite and Space Communications segment's Adjusted EBITDA, both in dollars and as a percentage of segment net sales, primarily reflects higher gross profit (both in dollars and as a percentage of related segment net sales) and lower selling, general and administrative expenses, offset in part by higher research and development expenses, as discussed above.

The increase in our Allerium segment's Adjusted EBITDA, both in dollars and as a percentage of segment net sales, primarily reflects higher gross profit (both in dollars and as a percentage of segment net sales) and lower research and development expenses, offset in part by higher selling, general and administrative expenses, as discussed above.

A reconciliation of our fiscal 2025 GAAP operating loss to Adjusted EBITDA loss is included in section “*Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Comparison of the Results of Operations for the Three Months Ended January 31, 2026 and 2025.*”

Reconciliations of our GAAP consolidated results to the corresponding Non-GAAP measures are shown in the tables below (numbers and per share amounts in the tables may not foot due to rounding). Non-GAAP results reflect Non-GAAP provisions for (benefits from) income taxes based on year-to-date 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.

	Six months ended January 31, 2026		
	Operating (Loss) Income	Net Loss Attributable to Common Stockholders	Net Loss per Diluted Common Share
(\$ in millions, except for per share amount)			
Reconciliation of GAAP to Non-GAAP Earnings:			
GAAP measures, as reported	\$ (4.0)	\$ (39.9)	\$ (1.34)
Adjustments to reflect redemption value of convertible preferred stock	—	10.4	0.35
Change in fair value of warrants and derivatives	—	2.7	0.09
Amortization of intangibles	10.1	9.6	0.32
Amortization of stock-based compensation	1.5	1.5	0.05
Restructuring costs	4.1	4.1	0.14
CEO transition costs	1.1	1.1	0.04
Net discrete tax benefit	—	(0.2)	(0.01)
Non-GAAP measures	<u>\$ 12.8</u>	<u>\$ (10.8)</u>	<u>\$ (0.36)</u>

	Six months ended January 31, 2025		
	Operating Loss	Net Loss Attributable to Common Stockholders	Net Loss per Diluted Common Share
(\$ in millions, except for per share amount)			
Reconciliation of GAAP to Non-GAAP Earnings:			
GAAP measures, as reported	\$ (139.4)	\$ (178.2)	\$ (6.06)
Change in fair value of warrants and derivatives	—	34.1	1.16
Adjustments to reflect redemption value of convertible preferred stock	—	32.3	1.10
Gain on extinguishment of convertible preferred stock	—	(51.2)	(1.74)
Impairment of long-lived assets, including goodwill	79.6	79.6	2.71
Restructuring costs	9.9	9.5	0.31
Amortization of intangibles	11.6	11.2	0.38
Proxy solicitation costs	2.7	2.5	0.09
Amortization of stock-based compensation	1.3	1.2	0.04
CEO transition costs	0.3	0.3	0.01
Strategic emerging technology costs	0.3	0.3	0.01
Amortization of cost to fulfill assets	0.3	0.3	0.01
Net discrete tax expense	—	0.1	—
Non-GAAP measures	<u>\$ (33.5)</u>	<u>\$ (58.3)</u>	<u>\$ (1.98)</u>

A definition and explanation of Adjusted EBITDA, a Non-GAAP financial measure, is included in section “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Comparison of the Results of Operations for the Three Months Ended January 31, 2026 and 2025.”

LIQUIDITY AND CAPITAL RESOURCES

Our cash and cash equivalents were \$32.8 million and \$40.0 million at January 31, 2026 and July 31, 2025, respectively. For the six months ended January 31, 2026, our cash flows reflect the following:

- Net cash provided by operating activities was \$12.9 million for the six months ended January 31, 2026 as compared to net cash used in operating activities during the prior year period of \$22.0 million. The significant period-over-period improvement reflects favorable changes in net working capital requirements, due primarily to improved accountability and process disciplines, as well as the timing of and progress toward completion on contracts accounted for over time, including related shipments, billings and collections. These activities allowed us to reduce receivables and inventory levels since July 31, 2025. Also, as a result of our enhanced liquidity, driven by our improved operational and financial performance and recent amendments to our credit facilities, operating cash flows in the more recent period reflect our concerted efforts to maintain lower levels of accounts payable in order to improve vendor relations and position ourselves to negotiate more favorable payment terms.

Operating cash flows in the more recent period include lower aggregate net cash payments for interest and taxes of \$9.8 million, as compared to \$12.3 million in the prior year period.

Operating cash flows for the six months ended January 31, 2026 and 2025 also include \$6.4 million and \$11.3 million, respectively, in aggregate payments for restructuring costs, including severance, proxy solicitation costs, CEO transition costs and strategic emerging technology costs for next-generation satellite technology.

- Net cash used in investing activities was \$7.7 million and \$4.1 million for the six months ended January 31, 2026 and 2025, respectively, and primarily reflects capital expenditures in our Allerium segment to build-out cloud-based computer networks and internal use software applications, as well as capital investments and building improvements in connection with our leased facilities.
- Net cash used in financing activities during the more recent period was \$12.5 million and primarily reflects \$10.0 million of payments under the Revolving Loan and scheduled principal repayments of \$2.0 million toward the Term Loan outstanding under our Credit Facility. Net cash provided by financing activities in the prior year period was \$20.3 million and primarily reflects net proceeds received under our Subordinated Credit Facility.

The Credit Facility, Subordinated Credit Facility and Convertible Preferred Stock are discussed below and in *Part I. - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (4) - Fair Value Measurements and Financial Instruments, Note (9) - Credit Facility, Note (10) - Subordinated Credit Facility and Note (17) - Convertible Preferred Stock.*

Liquidity

At January 31, 2026 and March 13, 2026 (the date closest to the issuance date):

- total outstanding borrowings under our Credit Facility was \$124.7 million; of such amount, \$7.6 million was drawn on the Revolver Loan (reflecting repayments of \$5.0 million on each of December 1, 2025 and January 8, 2026);
- total outstanding borrowings under our Subordinated Credit Facility were \$102.8 million and \$103.4 million, respectively, including interest paid-in-kind or accrued on the \$35.0 million subordinated priority term loan; such amount does not include the \$32.5 million Make-Whole Amount associated with the \$65.0 million portion of the Subordinated Credit Facility (pursuant to the terms discussed in *Note (10) - Subordinated Credit Facility*, as of January 31, 2026 and the issuance date, the Make-Whole Amount percentage for each tranche within the \$65.0 million of principal is 50.0%);
- the liquidation preference of our outstanding convertible preferred stock was \$213.4 million and \$215.7 million, respectively (excluding potential increases in the liquidation preference and other obligations that could be triggered by, among other things, breaches of covenants and/or asset sales resulting in a change in control of the Company); and

- our available sources of liquidity totaled \$49.9 million and \$38.0 million, respectively, which includes qualified cash and cash equivalents of \$30.2 million and \$18.4 million, respectively, and the remaining available portion of the Revolver Loan of \$19.6 million as of each date.

As of the issuance date, we expect cash and cash equivalents and cash flows from both operating and financing activities to be our principal sources of liquidity. We believe these sources of liquidity will be sufficient to fund our operating and cash commitments for investing and financing activities over the next year beyond the issuance date. Over the next year beyond the issuance date, we believe that we will be able to generate sufficient positive cash inflows and maximize the remaining available portion of the Revolver Loan under our Credit Facility to continue as a going concern and comply with the covenants contained in our credit facilities. Our ability to meet future anticipated liquidity needs over the next year beyond the issuance date will largely depend on our ability to execute on our operational strategy, generate positive cash inflows from operations, maximize the remaining available portion of the Revolver Loan under our Credit Facility and or secure outside capital. Our ability to do so may also be affected by general economic, financial and other factors which are beyond our control.

Our material cash requirements are for working capital, debt service (including interest), capital expenditures, 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 but not limited to: (i) an inability to meet our current obligations under our credit facilities as they become due, or to obtain future waivers or amendments from the lenders in the event compliance is not maintained; (ii) general economic conditions; (iii) a change in customer or government spending priorities and/or contracting decisions; (iv) larger than usual customer orders; (v) a future redemption by the holders of our Convertible Preferred Stock; or (vi) actions we may take related to our transformation plan.

Also, in light of our transformation plan 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 center in our Satellite and Space Communications segment, we have also been making significant capital expenditures and building out cloud-based computer networks and internal use software applications to support customers in our Allerium segment. We expect capital investments for these and other initiatives to continue in fiscal 2026 and beyond.

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), certificates of deposit, bank deposits, and U.S. Treasury securities. Money market mutual funds we invest in are 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.

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 and the terms of our Credit Facility. There were no repurchases of our common stock during the six months ended January 31, 2026 and 2025.

In fiscal 2023, we adjusted our 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 and Subordinated Credit Facility, as well as Board approval and certain voting rights of holders of our Convertible Preferred Stock.

At January 31, 2026, we had \$0.1 million of cash deposited as collateral in connection with outstanding standby letters of credit to guarantee future performance on certain customer contracts and no commercial letters of credit outstanding.

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 January 31, 2026, will materially adversely affect our liquidity. At January 31, 2026, cash payments due under contractual obligations (including estimated interest expense on our Credit Facility), excluding purchase orders that we entered into in the normal course of our business, are as follows:

(\$ in thousands)	Total	Due Within 1 Year
Credit Facility - principal payments	\$ 124,685	4,050
Credit Facility - interest payments	37,451	16,578
Operating lease obligations	43,934	6,870
Subordinated Credit Facility	102,810	—
Subordinated Credit Facility Make-Whole Amount	32,500	—
Contractual cash obligations	<u>\$ 341,380</u>	<u>27,498</u>

As stated above, the amounts in the above table represent cash payments due under contractual obligations. Interest payments related to our Credit Facility were calculated based on the outstanding borrowings at January 31, 2026. Interest related to the Credit Facility was calculated based on the SOFR forward curve, plus the applicable margin, and does not assume any interest paid-in-kind. The Subordinated Credit Facility amount includes paid-in-kind interest through October 31, 2025 on the \$35.0 million Subordinated Credit Facility Amendment No. 2 Priority Term Loan. The Subordinated Credit Facility Make-Whole Amount represents \$65.0 million of the outstanding Subordinated Credit Facility principal amount, multiplied by the applicable make-whole rate for each applicable tranche as of January 31, 2026. The Subordinated Credit Facility and Make-Whole Amount are not included in the total due within one year column given the timing of such payment is subject to the timing of certain repayments, prepayments and maturity date associated with the Credit Facility. See *Part I. - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (4) - Fair Value Measurements and Financial Instruments, Note (9) - Credit Facility, Note (10) - Subordinated Credit Facility, and Note (11) - Leases* for further information.

As discussed in *Part I. - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (17) - Convertible Preferred Stock*, the holders of the Convertible Preferred Stock have the option to redeem such shares for cash: (i) in the event of the occurrence of an asset sale meeting certain criteria; (ii) on or after April 30, 2027 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.

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 *Part I. - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (19) - Legal Proceedings and Other Matters*, 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 employment and/or change of control agreements, as well as indemnification agreements with certain of our executive officers, directors 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.

Our *Condensed Consolidated Balance Sheet* at January 31, 2026 includes liabilities 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. See *Part I. - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (12) - Income Taxes*, for further information.

RECENT ACCOUNTING PRONOUNCEMENTS

We are required to prepare our *Condensed 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"). See *Part I. - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (2) – Adoption of Accounting Standards and Updates* for further information.

Item 3. 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 facilities. Based on the amount of outstanding debt under our credit facilities, a hypothetical change in interest rates by 10% would change interest expense by approximately \$2.3 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 facilities.

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 January 31, 2026, we had cash and cash equivalents of \$32.8 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 January 31, 2026, 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 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934), was carried out by us under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based on this evaluation, we concluded that our disclosure controls and procedures were not effective as of January 31, 2026, 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 condensed consolidated financial statements and other financial information included in this Form 10-Q 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").

Material Weaknesses in Internal Control over Financial Reporting

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.

As previously disclosed in our Annual Report on Form 10-K for the year ended July 31, 2025, we did not design and maintain an effective control environment commensurate with our financial reporting requirements based on the criteria in the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control Framework (2013)*, as we lacked a sufficient complement of resources with an appropriate level of knowledge and experience to establish effective processes 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, other assets, contract liabilities and complex accounting matters and transactions (including debt, convertible preferred stock and related embedded derivatives). Deficiencies in control activities contributed to misstatements and the potential for there to have been material misstatements within these areas.

Also, an international component of our Allerium segment had ineffective controls. Specifically, we did not design and maintain effective information technology general controls (“ITGCs”) and business process controls in the following areas: (i) user access controls to ensure appropriate segregation of duties and to adequately restrict user and privileged access to financial applications, programs and data to appropriate company personnel; (ii) program change management controls to ensure that changes to information technology (“IT”) programs and data affecting financial applications and underlying accounting records are properly identified, tested, authorized and implemented with appropriate segregation of duties; and (iii) business process controls to ensure that journal entries were not amended prior to posting, as the enterprise resource planning (“ERP”) system which the international component operates did not, at the time of testing, restrict approvers from changing journal entries prior to posting. While no material misstatements were identified with respect to this international component, these deficiencies impact control activities over all financial statement account balances, classes of transactions and disclosures and contributed to the potential for there to have been material misstatements within the international component.

Remediation Plan

Our remediation efforts are ongoing and we will continue our initiatives to hire and engage additional skilled resources in program management and accounting and finance related functions, and implement and document policies, procedures and internal controls. Management is committed to the remediation of the material weaknesses described above.

To date, management undertook the following remedial actions in conjunction with the above remediation plan:

- Reorganized and reassigned responsibilities for executing specific internal controls over financial reporting to staff within the finance organization whose experience aligns more closely with these responsibilities;
- Hired more qualified staff with sufficient knowledge and experience to strengthen our financial reporting;
- Engaged third-party consultants to perform a comprehensive review of our accounting and reporting functions to assist in designing our remediation plan;
- Designed and began implementing a comprehensive remediation plan to enhance our internal control environment that was approved by the Audit Committee;
- Initiated and will continue the process to document, implement and redesign controls, policies, and procedures with an appropriate level of precision to detect a material misstatement, and to retain sufficient documentation to support the operating effectiveness of controls over revenue, inventory, other assets, contract liabilities, debt, convertible preferred stock and related embedded derivatives;
- Engaged a third-party specialist (a "Big-Four" accounting firm) with the requisite knowledge, experience and resources to support remediation of controls relating to complex accounting matters and transactions;
- Engaged a third-party specialist with sufficient knowledge and experience to oversee our internal audit function; such individual is independent of management and reports directly to the Audit Committee; additionally, we are actively seeking to hire a qualified full time employee to in-source this specific function over time; and
- Implemented proper segregation of duties and enhanced control activities over ITGCs with respect to our international component's operations, accounting and financial reporting.

We will continue to monitor the effectiveness of our remediation plan and refine the remediation plan as appropriate. These actions represent significant progress in addressing the material weaknesses. However, they do not represent the full suite of improvements that we plan to make in order to strengthen our internal control over financial reporting. An additional component of our remediation plan includes:

- Conducting training sessions for all control owners and relevant personnel to improve documentation, including evidence of the completeness and accuracy of information used in controls that supports effective control activities, including those relating to the estimate at completion ("EAC") process.

Remediation of the identified material weaknesses and strengthening of our internal control environment will require a substantial effort throughout fiscal 2026 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.

Changes In Internal Control Over Financial Reporting

Other than for the on-going remediation efforts 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 January 31, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitation on Effectiveness of Controls

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. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

See *Part I. - Financial Information - Item 1. - Notes to Condensed Consolidated Financial Statements - Note (19) – Legal Proceedings and Other Matters* of this Form 10-Q for information regarding legal proceedings and other matters.

Item 1A. Risk Factors

There have been no material changes to the description of the risk factors affecting our business previously disclosed in “*Part I. - Item 1A. - Risk Factors*” of our Annual Report on Form 10-K for the fiscal year ended July 31, 2025, as filed with the SEC on November 10, 2025, which is hereby incorporated by reference.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Securities Trading Plans of Directors and Officers

During the three months ended January 31, 2026, 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 6. [Exhibits](#)

[Exhibit 10.1 – Form of Transaction Bonus Agreement – Executive Officers](#)

[Exhibit 10.2 - Form of Restricted Stock Unit Award Agreement Pursuant to Comtech Telecommunications Corp. 2023 Equity and Incentive Plan, as amended – Fiscal 2026](#)

[Exhibit 10.3 - Form of Long-Term Performance Award Agreement Pursuant to Comtech Telecommunications Corp. 2023 Equity and Incentive Plan, as amended – Fiscal 2026](#)

[Exhibit 10.4 - Form of Cash-Settled Performance Award Agreement Pursuant to Comtech Telecommunications Corp. 2023 Equity and Incentive Plan, as amended – Fiscal 2026](#)

[Exhibit 31.1 - Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)

[Exhibit 31.2 - Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)

[Exhibit 32.1 - Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

[Exhibit 32.2 - Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

Exhibit 101.INS - The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2026, formatted in inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity, (iv) Condensed Consolidated Statement of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements

Exhibit 101.SCH - Inline XBRL Taxonomy Extension Schema Document

Exhibit 101.CAL - Inline XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit 101.LAB - Inline XBRL Taxonomy Extension Labels Linkbase Document

Exhibit 101.PRE - Inline XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 101.DEF - Inline XBRL Taxonomy Extension Definition Linkbase Document

Exhibit 104 - Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMTECH TELECOMMUNICATIONS CORP.
(Registrant)

Date: March 16, 2026
(Date)

By: /s/ Kenneth H. Traub
Kenneth H. Traub, Chairman of the Board
President and Chief Executive Officer
(Principal Executive Officer)

Date: March 16, 2026
(Date)

By: /s/ Michael A. Bondi
Michael A. Bondi
Chief Financial Officer
(Principal Financial and Accounting Officer)

[], 2025

<Name>

<Title>

<BU>

Re: Transaction Bonus Agreement

Dear <Name>:

Comtech Telecommunications Corp. (the “**Company**”) recognizes and appreciates your important role with the Company, including your role in the Company’s ongoing strategic initiatives. To encourage you (“**you**” or the “**Employee**”) to continue your employment with the Company and to provide you with additional incentives in connection with the Company’s ongoing strategic initiatives, we are pleased to offer you the transaction bonus described in this letter agreement (this “**Agreement**”). Capitalized terms used but not defined in the body of this Agreement have the meanings set forth in Exhibit A hereto.

1. **Transaction Bonus.** Subject to your continued employment with the Company through a Qualifying Transaction (as defined in Exhibit A hereto), and except as described in Section 2, you will be eligible to receive a cash bonus equal to <Bonus Percentage>% of Transaction Proceeds (the “**Bonus**”). This Bonus will be subject to applicable tax withholdings and other authorized deductions. The Bonus will be paid on the first scheduled payroll date that follows the closing of a Qualifying Transaction; provided, however, that if any portion of the Bonus is attributable to Holdback Proceeds and Earn-Out Proceeds, such portion will be paid on the same schedule and under the same terms and conditions as apply to payments to Company generally in connection with a Qualifying Transaction; provided, however, that no portion of the Bonus shall be paid later than the fifth anniversary of the closing of a Qualifying Transaction in accordance with U.S. Treasury Regulation 1.409A-3(i)(5)(iv)(A). In the event Holdback Proceeds and/or Earn-Out Proceeds are not released from escrow or are otherwise not paid, such portion of the Bonus shall be considered forfeited and shall not be paid.
2. **Effect of Termination of Employment.**
 - (a) You will not receive any portion of the Bonus and you will forfeit any claims with respect thereto in the event that (i) you resign from employment of the Company for [any reason][without Good Reason]¹ or the Company terminates your employment for Cause prior to a Qualifying Transaction (as defined in Exhibit A hereto) or (ii) the Company terminates your employment without Cause more than three (3) months prior to a Qualifying Transaction. In the event that the Company terminates your employment without Cause within three (3) months prior to a Qualifying Transaction (such termination, a “**Qualifying Termination**”), you will remain eligible to be paid the Bonus on the 60th day following a Qualifying Transaction, subject to your execution of an effective release of claims in a form provided by the Company, as described in Section 3 (Release and Waiver).
 - (b) [In addition, in the event that the Company terminates your employment without Cause or you resign with Good Reason on or prior to the first anniversary of a Qualifying Transaction, and provided that such Qualifying Transaction does not constitute a

¹ For Mr. Traub: “without Good Reason”; For all other executive officers: “for any reason”

Change in Control, in lieu of the cash severance payment that would otherwise be payable under Section 5.5(d) of your Employment Agreement, you will be entitled to a cash severance payment equal to one and a half (1.5) times the sum of (x) your Base Salary as of the Termination Date plus (y) your Target Bonus for the year in which the Termination Date occurs, such amount to be paid in one lump sum within sixty (60) days following the Termination Date. Capitalized terms used but not defined in this Section 2(b) have the meanings set forth in your Employment Agreement.]²

3. **Release and Waiver.** Notwithstanding any provision contained elsewhere in this Agreement, the Company shall not be obligated to make any payment to you under this Agreement unless you execute (and do not revoke) a waiver and release of claims (fully releasing all claims you have or may have against the Company and its subsidiaries with respect to the Bonus) which has been prepared and presented to you by the Company. The general release, however, shall not diminish nor enlarge any rights you may have to any cash benefits under any other currently applicable retention, incentive, bonus or severance agreement between you and the Company or equity incentives under any award agreements under the Company's equity incentive plans entered into between you and the Company for options, restricted stock units, or long-term performance shares or cash awards, retirement, disability, health or life insurance benefits under the terms of those plans applicable to you.

4. **Tax Matters.**
 - (a) **Parachute Payments.** If any payment or benefit you would receive in connection with a Qualifying Transaction from the Company or otherwise (a "**Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then such Payment will be equal to the Reduced Amount. The "**Reduced Amount**" will be either (A) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax, or (B) the largest portion, up to and including the total, of the Payment, whichever amount ((A) or (B)), after taking into account all applicable federal, state, provincial, foreign and local employment taxes, income taxes and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greatest economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Reduced Amount, reduction will occur in the following order: (1) reduction of cash payments; (2) cancellation of accelerated vesting of stock awards other than stock options; (3) cancellation of accelerated vesting of stock options; and (4) reduction of other benefits paid to you. Within any such category of Payments (that is, (1), (2), (3) or (4)), a reduction will occur first with respect to amounts that are not "deferred compensation" within the meaning of Section 409A and then with respect to amounts that are. In the event that acceleration of vesting of stock award compensation is to be reduced, such acceleration of vesting will be cancelled in the reverse order of the date of grant of your applicable type of stock award (*i.e.*, earliest granted stock awards are cancelled last). Any determination required under this Section shall be made in writing in good faith by an independent advisor firm selected by the Company (the "**Advisor**"), which shall provide detailed supporting calculations to the Company and you as requested by the Company or you. The Company and you shall provide the Advisor with such information and documents as the Advisor may reasonably

² For Mr. Traub only.

request in order to make a determination under this Section. For purposes of making the calculations and determinations required by this Sections, the Advisor may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Advisor's determinations shall be final and binding on the Company and you.

- (b) **Application of Section 409A.** It is intended that all of the benefits provided under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code (“**Section 409A**”) provided under Treasury Regulations Sections 1.409A-1(b)(4), and this Agreement will be construed to the greatest extent possible as consistent with those provisions. To the extent not so exempt, this Agreement (and any definitions in this Agreement) will be construed in a manner that complies with Section 409A and incorporates by reference all required definitions and payment terms. If the Company determines that any of the payments upon a “separation from service” within the meaning of Treasury Regulations Section 1.409A-1(h), without regard to any alternative definition thereunder (a “**Separation from Service**”) provided under this Agreement (or under any other arrangement with you) constitutes “deferred compensation” under Section 409A and if you are a “specified employee” of the Company, as such term is defined in Section 409A(a)(2)(B)(i), at the time of your Separation from Service, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the payments upon a Separation from Service will be delayed as follows: on the earlier to occur of (i) the date that is six (6) months and one (1) day after the effective date of your Separation from Service, or (ii) the date of your death (such earlier date, the “**Delayed Initial Payment Date**”), the Company will (A) pay to you a lump sum amount equal to the sum of the payments upon Separation from Service that you would otherwise have received through the Delayed Initial Payment Date if the commencement of the payments had not been delayed pursuant to this paragraph, and (B) commence paying the balance of the payments in accordance with the applicable payment schedules set forth above. No interest will be due on any amounts so deferred. Solely to the extent necessary for compliance with Section 409A, if the sixty (60)-day period following your Separation from Service spans two (2) calendar years, in no event will payments or benefits that constitute “deferred compensation” within the meaning of Section 409A be paid prior to the first day of such second calendar year. To the extent that a Bonus is payable in connection with Holdback Proceeds or Earn-Out Proceeds, such Bonus shall be paid on the same schedule and under the same terms and conditions as apply to payments made to the Company generally in connection with a Qualifying Transaction and all such Bonus payments shall be paid not later than five years after a Qualifying Transaction unless any such Bonus remains subject to a substantial risk of forfeiture for purposes of Section 409A. In the event that amounts are subject to such a substantial risk of forfeiture at the end of such five year period, such amounts shall be paid as soon as reasonably practicable after the substantial risk of forfeiture lapses, but in no event later than March 15th of the year following the year in which such substantial risk of forfeiture lapses, it is the intention of the parties that any portion of the Bonus that is attributable to Earn-Out Proceeds be considered an amount subject to a substantial risk of forfeiture (as determined under Section 409A).
- (c) **Withholding.** All payments and benefits under this Agreement will be subject to all applicable deductions and withholdings, including, without limitation, obligations to withhold for federal, state, provincial, foreign and local income and employment taxes.

- (d) **Tax Advice.** You agree to review with your own tax advisors the federal, state, provincial, local and foreign tax consequences of participation in this Agreement. You will rely solely on such advisors and not on any statements or representations of the Company or any of its agents. You understand that you (and not the Company) will be responsible for your own tax liability that may arise as a result of this Agreement.
5. **Detrimental Activity.** Notwithstanding anything to the contrary in this Agreement, in the event that you engage in Detrimental Activity prior to, or during the one year period following, the payment date of the Bonus, the Company may direct (at any time, within one year thereafter) that the Bonus shall be immediately forfeited to the Company and you shall immediately pay over the total of any net payments received. “**Detrimental Activity**” shall include any of the following: (i) unauthorized disclosure of any confidential or proprietary information of the Company or any of its subsidiaries or affiliates; (ii) any activity that would be grounds to terminate your employment or service with the Company or any of its subsidiaries for Cause as defined herein; (iii) the breach of any agreement containing restrictive covenants with the Company or its affiliates; or (iv) fraud or conduct contributing to any financial restatements or irregularities, as determined by the Company in its sole discretion.
6. **General Provisions.**
- (a) **Governing Law.** The validity, construction, and performance of this Agreement shall be governed by and interpreted in accordance with the laws of Delaware, without giving effect to any choice of law rules thereof that would result in the application of the laws of any other jurisdiction. Each party hereto hereby irrevocably and unconditionally: (i) submits to the jurisdiction of state courts and any federal court sitting in Delaware for purposes of any suit, action or other proceeding arising out of or relating to this Agreement, that is brought by or against the other party; and (ii) waives any objection to the laying of venue of any such suit, action or proceeding in any such court. Each party hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IS EXPRESSLY AND IRREVOCABLY WAIVED.
- (b) **Unfunded Benefit.** This Agreement is unfunded, and benefits hereunder will be paid only from the general assets of the Company (or any successor to the Company, including any successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by the Company). Your rights to the benefits set forth in this Agreement are solely that of an unsecured general creditor of the Company or its successor.
- (c) **Entire Agreement.** This Agreement embodies the complete agreement and understanding between you and the Company with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements, or representations by or between you and the Company, written or oral, which may be related to the subject matter hereof in any way. No provision of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is in writing and signed by the Company.

- (d) **No Implied Employment Contract.** This Agreement will not be deemed to (a) give any employee or other person any right to be retained in the employ of the Company, or (b) interfere with the right of the Company to discharge any employee or other person at any time, with or without cause, which right is hereby reserved.
- (e) **Transfer and Assignment.** Your rights and obligations under this Agreement may not be transferred or assigned without the prior written consent of the Company. The Company may assign this Agreement to any of its subsidiaries or affiliates without your prior written consent. This Agreement will be binding upon any surviving entity resulting from a Qualifying Transaction and upon any other person who is a successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by the Company without regard to whether or not such person or entity actively assumes the obligations hereunder.
- (f) **Conditions Precedent.** You acknowledges and agrees that there is no guarantee that a Qualifying Transaction or a Qualifying Termination will occur. In the event that a Qualifying Transaction is abandoned or does not occur, this Agreement and any rights and benefits under this Agreement shall automatically terminate.
- (g) **Waiver.** Any party's failure to enforce any provision or provisions of this Agreement will not in any way be construed as a waiver of any such provision or provisions, nor prevent any party from thereafter enforcing each and every other provision of this Agreement. The rights granted to the parties herein are cumulative and will not constitute a waiver of any party's right to assert all other legal remedies available to it under the circumstances.
- (h) **Severability.** Should any provision of this Agreement be declared or determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.
- (i) **Section Headings.** Section headings in this Agreement are included only for convenience of reference and will not be considered part of this Agreement for any other purpose.
- (j) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.

[Signature page follows]

Please acknowledge by signing below, that you have read, understood, and agree to the terms of this Agreement.

Sincerely yours,

Jennie Kerr
Chief People Officer

Acknowledged and agreed.

<Employee Name>

Date: _____, 2025

EXHIBIT A

DEFINITIONS

(a) **“Cause”** means (x) in the case where there is an employment agreement in effect between the Employee and the Company (or an affiliate thereof), the definition of “Cause” set forth in that agreement or (y) in the case where there is no employment agreement in effect between the Employee and the Company (or an affiliate thereof), any of the following events as determined by the Company, in its discretion: (i) Employee’s willful misconduct, gross negligence, material dishonesty, misappropriation, breach of fiduciary duty or fraud with regard to the Company or any of its assets or businesses, (ii) Employee’s conviction of or pleading of guilty or nolo contendere with regard to a crime that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude; (iii) Employee’s material failure to perform Employee’s duties (other than a failure resulting from Employee’s disability), (iv) Employee’s deliberate failure to comply with any valid and legal directive of the Board; (v) Employee’s material violation of the Company’s written policies or codes of conduct, including written policies relating to discrimination, harassment, performance of illegal or unethical activities, and ethical misconduct; or (vi) Employee’s material breach of any obligation under this Agreement or any other written agreement with the Company. Except for a failure, breach or refusal which, by its nature, cannot reasonably be expected to be cured, Employee shall have ten (10) business days from the delivery date of the notice of termination within which to cure any acts constituting Cause. The Company may place Employee on paid leave for up to 60 days while it is determining whether there is a basis to terminate Employee’s employment for Cause (and, to the extent applicable, such paid leave will not constitute “Good Reason” under Employee’s employment or compensation agreements or arrangements).

(b) **“Code”** means the Internal Revenue Code of 1986, as amended.

(c) **“Company”** means Comtech Telecommunications Corp., a Delaware corporation, and its successors and assigns, including any successors or assigns as a result of a Qualifying Transaction.

(d) **“Earn-Out Proceeds”** shall mean any portion of the Transaction Proceeds that (i) is paid following the closing of a Qualifying Transaction and (ii) is contingent upon the performance of the divested business following the closing of a Qualifying Transaction. For purposes of clarity, the Employee shall not have any right to a Bonus (or portion of a Bonus) hereunder with respect to any Earn-Out Proceeds unless and until the relevant performance targets or metrics are actually achieved and such proceeds (as finally determined) are paid to the Company.

(e) [**“Employment Agreement”** means that certain Employment Agreement, dated November 27, 2024, by and between the Employee and the Company.]³

(f) **“Holdback Proceeds”** means any portion of the Transaction Proceeds held in an escrow fund or otherwise held back for indemnification or other claims. For purposes of clarity, the Employee shall not have any right to any Bonus (or portion of a Bonus) hereunder with respect to any Holdback Proceeds unless, until and to the extent such proceeds are paid to the Company.

(g) **“Qualifying Transaction”** means the consummation of a Specified Permitted Individual Disposition (as defined in the Senior Credit Agreement, including any communication by the Agent or Revolving Agent thereunder) on or prior to December 31, 2026.

(h) **“Senior Credit Agreement”** means that certain Credit Agreement, dated as of June 17, 2024, by and among the Company, the lenders party thereto, Wingspire Capital LLC, as revolving agent,

³ For Mr. Traub only.

and TCW Asset Management Company LLC, as administrative agent, as amended, restated, supplemented, refinanced, replaced or otherwise modified through the date hereof.

(i) “**Transaction Proceeds**” means an amount equal to the aggregate value of cash and/or property (e.g., securities, notes, etc.) paid to the Company in connection with a Qualifying Transaction (before deducting any transaction expenses, indebtedness or similar purchase price reductions set forth in the definitive agreement for such Qualifying Transaction) prior to any payment of the Bonuses or any similar transaction bonuses (all as determined by the Company in good faith). Transaction Proceeds shall include any Holdback Proceeds and Earn-Out Proceeds to the extent such amounts are paid to the Company. In the event that all or part of the consideration paid to the Company in connection with a Qualifying Transaction is in the form of securities, the Transaction Proceeds shall be deemed to include the fair market value of such securities, determined on the same basis on which such securities were valued in the transaction.

RESTRICTED STOCK UNIT AGREEMENT PURSUANT TO THE COMTECH
TELECOMMUNICATIONS CORP. 2023 EQUITY AND INCENTIVE PLAN

Dear ###PARTICIPANT_NAME###:

Preliminary Statement

As an employee of Comtech Telecommunications Corp. (the “Company”) or an Affiliate, 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 Unit Agreement (this “Agreement”), the number of Restricted Stock Units (the “RSUs”) set forth below. Each RSU represents the right to receive 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.

a. The Award shall vest in equal installments over a three (3) year period, commencing on the Grant Date, at the rate of 33 1/3% effective on each of the first through third anniversaries of the Grant Date; provided that you remain continuously employed by or in the service of the Company or an Affiliate, in each case, from the Grant Date through and including the applicable vesting date. The date that an RSU becomes vested shall be referred to herein as the “Vesting Date” with the period between the Grant Date and the third anniversary of the Grant Date referred to as the “Restriction Period.” Except as otherwise set forth herein, upon any termination of employment or service, all unvested RSUs shall be forfeited on the date of such termination of employment or service for no consideration and there shall be no proportionate or partial vesting in the periods prior to each Vesting Date and all vesting shall occur only on the applicable Vesting Date.

b. Notwithstanding the foregoing, if you undergo a termination of employment or service by the Company and its Affiliates without Cause (other than due to death or Disability) during the Restriction Period, then upon such termination of employment or service, in addition to the number of RSUs that have vested in accordance with Section 2(a) above (if any), you will vest in a number of RSUs (rounded down to the nearest whole RSU) equal to (i)(A) the total number of RSUs granted pursuant to this Award, multiplied by (B) a fraction, (x) the numerator of which is the number of days elapsed from the Grant Date through the date of such termination of employment or service and (y) the denominator of which is the number of days during the Restriction Period, minus (ii) the number of RSUs granted pursuant to this Award which were already vested as of immediately prior to such termination of employment or service; provided, however, that if such termination of employment or service without Cause (other than due to death

or Disability) occurs prior to the first scheduled Vesting Date *and* at or within 12 months following the closing of a Qualifying Transaction (as defined below), then you will vest in the number of RSUs that would have otherwise become vested on the first scheduled Vesting Date instead of the fractional number of RSUs set forth in this sentence. The resulting number of RSUs shall be distributed to you in accordance with Section 3 hereof, subject to your timely execution and non-revocation of a release agreement prior to the Settlement Date in a form required by the Company. In event of your termination of employment or service as a result of your death or Disability, all of your unvested RSUs hereunder will become fully vested as of the date of such termination. For purpose of this Agreement:

- “Disability” means a permanent and total disability, as determined by the Committee in its sole discretion, provided that (i) in no event shall any disability that is not a permanent and total disability, as defined in Section 22(e)(3) of the Code, be treated as a Disability, (ii) a Disability shall only be deemed to occur at the time of the determination of the Committee of the Disability, and (iii) if this award is subject to Section 409A of the Code, Disability shall mean that you are disabled under Section 409A(a)(2)(C)(i) of the Code.
- “Qualifying Transaction” means the consummation of a Specified Permitted Individual Disposition (as defined in the Senior Credit Agreement, including any communication by the Agent or Revolving Agent thereunder) on or prior to December 31, 2026.
- “Senior Credit Agreement” means that certain Credit Agreement, dated as of June 17, 2024, by and among the Company, the lenders party thereto, Wingspire Capital LLC, as revolving agent, and TCW Asset Management Company LLC, as administrative agent, as amended, restated, supplemented, refinanced, replaced or otherwise modified through the date hereof.

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 following the earlier of (i) the applicable Vesting Date and (ii) your termination of employment or service under Section 2(b) (such date of settlement, the “Settlement Date”) except for those shares of Common Stock that may be used to pay any applicable taxes.

4. Dividend Equivalents. Any cash or Common Stock 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 applicable 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 provided in Section 2 hereof, any RSUs (including any Dividend Equivalents credited thereupon) that are not vested upon your termination of employment or service shall, upon such termination of employment or service, terminate and be forfeited in their entirety as of the date of such termination of employment or service.

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 employment or service or the vesting of any RSUs, the Committee may direct 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 an amount equal to the amount realized at the time of vesting of any RSUs or any Common Stock or Dividend Equivalents paid in connection therewith which had vested in the period referred above.

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.

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 your latest address in the Company's records.

12. Withholding. As a condition precedent to the issuance or delivery of the Common Stock upon the vesting of the Award, the Company or an Affiliate will withhold whole shares of Common Stock which would otherwise be delivered to you having an aggregate Fair Market Value, determined as of the date on which such 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 applicable shares of Common Stock, then you may instead pay to the Company any such Required Tax Payments in cash. Shares of Common 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 be permitted to limit the number of shares so withheld to a lesser number if necessary, as determined by the Company, to avoid adverse accounting consequences or for administrative convenience; provided, however, that if a fraction of a share of Common Stock would be required to satisfy the maximum individual statutory rate in your jurisdiction, then the number of shares of Common Stock to be withheld may be rounded up to the next nearest whole share of Common Stock. No certificate representing a share of Common Stock shall be delivered until the Required Tax Payments have been satisfied in full.

13. Securities Representations. The grant of the Award and the issuance of 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.

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. 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.

14. 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.

15. 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 by which you are employed 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 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. The RSUs granted hereunder shall be subject to adjustment in accordance with Section 5.7 of the Plan.

c. You agree that the award of the RSUs hereunder and payment of Common Stock and any Dividend Equivalents credited thereunder is special incentive compensation that will not be taken into account as “salary” or “compensation” or “bonus” in determining the amount of any

payment under any pension, retirement or profit-sharing plan of the Company or any life insurance, disability or other benefit plan of the Company.

d. This Agreement and the Plan constitutes the entire agreement of the parties with respect to this Award of RSUs and supersede in their entirety all prior undertakings and agreements of the Company 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 you shall be effective unless in writing and signed by both parties.

e. 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.

f. 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.

g. 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.

h. 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.

16. 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.

17. Section 409A of the Code. This Award is intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly, and each payment hereunder shall be considered a separate payment for purposes of Section 409A of the Code. To the extent this Agreement provides for the Award to become vested and be settled upon you 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; 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.

18. 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.

**LONG TERM PERFORMANCE AWARD AGREEMENT
PURSUANT TO THE
COMTECH TELECOMMUNICATIONS CORP.
2023 EQUITY AND INCENTIVE PLAN**

THIS LONG TERM PERFORMANCE AWARD AGREEMENT (this “Agreement”), is made effective as of ###GRANT_DATE###, by and between Comtech Telecommunications Corp. (the “Company”) and ###PARTICIPANT_NAME### (the “Participant”).

WHEREAS, the Board of Directors of the Company (the “Board”) adopted, and the stockholders of the Company approved, the Comtech Telecommunications Corp. 2023 Equity and Incentive Plan (the “Plan”);

WHEREAS, pursuant to Section 1.3 of the Plan, the Committee has been appointed to administer the Plan;

WHEREAS, the Company, through the Committee under the Plan, wishes to grant to the Participant a Performance Award under Article IV of the Plan that, following the achievement of the specified levels of performance, as set forth on the document titled “Performance Measures and Corresponding Earned Shares” attached hereto as Appendix A (the “Performance Measures”), 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 a number of shares of Common Stock corresponding to the level of achievement of the Performance Measures (subject to accelerated earning, vesting and payment of such shares as specifically provided herein) (such shares, the “Performance Shares”); and

WHEREAS, the Performance Shares shall be subject to the terms of this Agreement and the Plan.

NOW, THEREFORE, the Company and the Participant agree as follows:

1. Grant of Performance Award. Subject to the restrictions, terms and conditions of the Plan and this Agreement, on November 7, 2025 (the “Grant Date”), the Company awarded and granted to the Participant an award under Article IV of the Plan with the designated target number of ###TOTAL_AWARDS### Performance Shares (the “Target Performance Shares”), and providing to the Participant a conditional right to earn the Target Performance Shares, or a number of Performance Shares for the Performance Period (as defined below, subject to adjustment as described in Section 3) ranging from 0% to 200% of the Target Performance Shares, by achievement of the designated levels of performance of each performance criteria as specified in the Performance Measures attached hereto as Appendix A, the earning of which would entitle the Participant to receive for each Performance Share earned, in accordance with Section 2 below, one share of Common Stock, subject to the provisions of Sections 3 and 4 below.

2. Certification Date. Subject to the Participant's not incurring a termination of employment or service 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 Measures with respect to the performance period beginning on August 1, 2025 and ending on July 31, 2028 (the "Performance Period"), the Participant shall have the right to receive one share of Common Stock for each Performance Share earned based on the level of attainment of the applicable Performance Measures for the Performance Period in accordance with Appendix A ("Earned Shares"), subject to the Participant remaining employed through the Final Certification Date, except as otherwise provided in Section 3. The Committee shall certify the level of achievement of each of the Performance Measures no later than three months following the end of the Performance Period (the "Final Certification Date"). All Performance Shares that do not become Earned Shares 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 Shares, the Performance Measures for the 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 Shares shall become fully vested and shall (subject to compliance with Section 409A of the Code, to the extent applicable) be distributed to the Participant or his or her beneficiary within sixty (60) days following the Participant's death or Disability. The term "Disability" shall have the meaning set forth in Section 409A(a)(2)(C)(i) of the Code, 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 or service without Cause (and other than due to death or Disability) by the Company and its Affiliates on a date that is both prior to the Final Certification Date and prior to a Change in Control occurring, the Participant shall earn for the Performance Period a number of Earned Shares (which shall not be less than zero) in an amount equal to the product of (x) the number of Performance Shares the Participant would have earned based on the actual achievement of each of the Performance Measures for the Performance Period as if the Participant remained employed or engaged by the Company through the Final Certification Date, times (y) a fraction, the numerator of which is the number of days during the Performance Period that the Participant was employed or engaged by the Company, and the denominator of which is the number of days in the Performance Period. The resulting number of Earned Shares (if any) shall become fully vested and shall 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 or service due to the Participant's (A) resignation for any or no reason or (B) termination of employment or service for Cause on a date that is prior to the Final Certification Date, then all Performance Shares shall be forfeited on the date of such termination of employment or service for no consideration.

3.2. **Change in Control.** In the event of a Change in Control prior to the Final Certification Date, the Performance Measure for the 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 Change in Control, and the resulting number of earned Performance Shares shall be deemed to be Earned Shares and shall become fully vested as of the Change in Control (including in the case of a Participant whose employment or service terminated between the time of the Change in Control and the Assumption Deadline (as defined below)) and all vested Earned Shares shall (subject to any limitations under Section 409A of the Code) be distributed to the Participant within sixty (60) days following the Change in Control; provided, however, that if the Performance Shares constitute nonqualified deferred compensation, within the meaning of Section 409A of the Code, and the Change in Control is not a “change in control event,” within the meaning of Section 409A of the Code or if settlement upon a Change in Control would otherwise be prohibited under Section 409A of the Code, then the vested Earned Shares shall be distributed to the Participant in accordance with Section 4 hereof or upon the Participant’s earlier death or Disability. 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 Shares that are not Earned Shares shall be honored or assumed, or new awards substituted therefor (each such honored, assumed or substituted Performance Share hereinafter called an "Alternative Performance Share"), 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 Shares solely due to such event, provided that, such Alternative Performance Shares must meet the following criteria:

(i) Each Alternative Performance Share must be based on stock that is traded on an established securities market, or that will be so traded within 30 days after the Change in Control, or provide for a cash payment not less than the cash value of the Performance Share 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 Change in Control;

(ii) The Alternative Performance Shares 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 Shares, including, but not limited to, an identical or better vesting schedule than applied prior to the Change in Control;

(iii) The Alternative Performance Share must have economic value substantially equivalent to the value of each Performance Share (such equivalent values to be determined as of the time of the Change in Control);

(iv) In furtherance of clause (ii) above, the performance goal applicable to the Alternative Performance Shares (the "Alternative Performance Measure") and the corresponding level at which Alternative Performance Shares shall be earned must be determined by the Committee to be not less probable of being achieved than the Performance Measure immediately prior to the Change in Control (assuming the Change in Control had not occurred and assuming that the Company had incurred no expense in connection with the Change in Control);

(v) The Alternative Performance Shares 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 Shares shall provide that, in the event that, within two years following the Change in Control and prior to the Final Certification Date, either the Participant has a termination of employment or service 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 Shares otherwise would be forfeited under their terms but for this provision), or if the termination of employment or service would constitute a resignation for “Good Reason” under any other agreement by and between the Participant and the employer or its parent or other affiliates, and Participant effects a termination of employment or service for such Good Reason, then the Alternative Performance Measure for the Performance Period shall be deemed to be satisfied at the Maximum Performance level (as defined in Appendix A) as of the date of such termination of employment or service, and the resulting number of earned Alternative Performance Shares shall become fully vested (to the extent not vested prior thereto) and shall be distributed to the Participant within five business days after such termination date; provided, however, that if the Performance Shares constitute nonqualified deferred compensation, within the meaning of Section 409A of the Code, and the Change in Control is not a “change in control event,” within the meaning of Section 409A of the Code or if settlement upon such termination would otherwise be prohibited under Section 409A of the Code, then the vested Earned Shares shall be distributed to the Participant in accordance with Section 4 hereof or upon the Participant’s earlier death or Disability.

(vii) Any changes after the Change in Control to the businesses the performance of which is measured under the Alternative Performance Measure, including but not limited to asset sales or dispositions, reorganizations, restructurings, acquisitions, or discontinuations of operations, that will or could have an adverse effect on the performance criteria under the Alternative Performance Measure during the Performance Period shall be accompanied by adjustments to the Alternative Performance Measure so that such changes do not reduce the probability of the Performance Measure 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 ten business days in advance of the Change in Control.

4. Vesting and Distribution of Earned Shares. Subject to Section 3, Earned Shares shall vest and be distributed to the Participant within ten (10) days following the Final Certification Date (and in any event no later than three months following the conclusion of the Performance Period).

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 Earned Shares (including during any period of deferral at the election of the Participant), the Participant shall be credited, as of the dividend payment date, for each Performance Share 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. Such credited cash amount of dividend equivalents shall be earned and vested if and only if the related Performance Share becomes earned and vested (i.e., it is forfeitable to the same extent as the related Performance Share). No interest or earnings will be credited on accrued dividend equivalents. Dividend equivalents will be distributable at such time as the Earned Shares resulting from the earning and vesting of the Performance Shares 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 Earned Shares (to minimize the number of Earned Shares being withheld to satisfy tax obligations) under Section 12.

6. Detrimental Activity. In the event the Participant engages in Detrimental Activity prior to, or during the one year period following the earlier of the Participant's termination of employment or service or the Final Certification Date, the Committee may direct (at any time within one year thereafter) that all Performance Shares shall be immediately forfeited to the Company and that the Participant shall pay over to the Company the amount realized from any Earned Shares or dividend equivalents paid in connection therewith.

7. Restrictions on Transfer. Unless otherwise approved by the Committee, the Performance Shares are not transferable other than by will or by the laws of descent and distribution. In addition, unless otherwise approved by the Committee, the Performance Shares shall not be sold, transferred, assigned, pledged, encumbered, hypothecated or otherwise disposed of (whether by operation of law or otherwise), and the Performance Shares 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 Performance Shares or in the event of any levy upon the Performance Shares by reason of any execution, attachment or similar process contrary to the provisions hereof not otherwise approved by the Committee, the Performance Shares and all rights thereunder shall immediately become null and void.

9. Rights as a Stockholder. The Participant shall have no rights as a stockholder with respect to any shares of Common Stock covered by the Performance Shares unless and until the Participant has become the holder of record of the shares of Common Stock.

10. Rights as a Participant. Except as otherwise specifically provided herein, the Participant shall have no right to receive any new award or share of Common Stock covered by any new award once the Participant no longer qualifies as a participant under the Plan.

11. Provisions of Plan Control. This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, 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. Unless otherwise indicated, 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. 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.

12. 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 the Participant, to the Participant's latest address in the Company's records.

13. Withholding. As a condition precedent to the issuance or delivery of the Common Stock upon the vesting of the award, the Company or an Affiliate will withhold whole shares of Common Stock which would otherwise be delivered to the Participant having an aggregate Fair Market Value, determined as of the date on which such 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 to the delivery of the applicable shares of Common Stock, then you may instead pay to the Company any such Required Tax Payments in cash. Shares of Common Stock withheld may not have a Fair Market Value in excess of the amount determined by applying the maximum individual statutory tax rate in the Participant's jurisdiction; provided that the Company shall be permitted to limit the number of shares so withheld to a lesser number if necessary, as determined by the Company, to avoid adverse accounting consequences or for administrative convenience; provided, however, that if a fraction of a share of Common Stock would be required to satisfy the maximum individual statutory rate in the Participant's jurisdiction, then the number of shares of Common Stock to be withheld may be rounded up to the next nearest whole share of Common Stock. No certificate representing a share of Common Stock shall be delivered until the Required Tax Payments have been satisfied in full.

14. Securities Representations. The grant of the award and the issuance of Common Stock pursuant hereto 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 grant of the award, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation.

The shares of Common Stock will be issued to the Participant and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Participant. The Participant acknowledges, represents and warrants that:

14.1. The Participant has been advised that the Participant 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 the Participant's representations set forth in this section;

14.2. If the Participant is deemed to be an affiliate within the meaning of Rule 144 of the Act, then the shares of Common Stock must be held indefinitely by the Participant 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”);

14.3. If the Participant is deemed to be an affiliate within the meaning of Rule 144 of the Act, the Participant understands 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.

15. Power of Attorney. The Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of the Participant 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 the Participant, may in the name and stead of the Participant, make and execute all conveyances, assignments and transfers of Common Stock and property provided for herein, and the Participant hereby ratifies and confirms that which the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Participant 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.

16. Miscellaneous.

16.1. 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 which the Participant is employed to expressly assume and agree in writing to perform this Agreement. Notwithstanding the foregoing, the Participant may not assign this Agreement.

16.2. This award of Performance Shares and the issuance of Common Stock thereunder 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 Shares and Earned Shares shall be subject to adjustment in accordance with Section 5.7 of the Plan, including during any period in which payment of the award is deferred at the election of Participant. For clarity, ordinary dividends on Common Stock will not trigger adjustments to Performance Shares and Earned Shares, and any adjustments to Performance Shares and Earned Shares shall take into account dividend equivalents credited thereon under Section 5.

16.3. The Participant agrees that the award of the Performance Shares under this Agreement and the issuance of Common Stock thereunder and any dividend equivalents credited with respect thereto is special incentive compensation and that the Performance Shares (even if treated as compensation for tax purposes) will not be taken into account as “salary” or “compensation” or “bonus” in determining the amount of any payment under any pension, retirement or profit-sharing plan of the Company or any life insurance, disability or other benefit plan of the Company.

16.4. This Agreement and the Plan constitute the entire agreement of the parties with respect to this award of Performance Shares and supersede in their entirety all prior undertakings and agreements of the Company and the Participant 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 shall be effective unless in writing and signed by both parties.

16.5. 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.

16.6. 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.

16.7. 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.

16.8. 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.

16.9 The Participant acknowledges that the Participant is 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.

17. 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.

18. Section 409A of the Code. This Agreement is intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly, and each payment hereunder shall be considered a separate payment for purposes of Section 409A of the Code. To the extent this Agreement provides for the Performance Shares to become vested and be settled upon the Participant’s termination of employment or service, the applicable shares of Common Stock shall be transferred to the Participant or the Participant’s beneficiary upon the Participant’s “separation from service,” within the meaning of Section 409A of the Code; provided that if the Participant is a “specified employee,” within the meaning of Section 409A of the Code, then to the extent the Performance Shares constitute nonqualified deferred compensation, within the meaning of Section 409A of the Code, such shares of Common Stock shall be transferred to the Participant or the Participant’s beneficiary upon the earlier to occur of (i) the six-month anniversary of such separation from service and (ii) the date of the Participant’s death.

19. 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. 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.

Address ###HOME_ADDRESS### COMTECH TELECOMMUNICATIONS
CORP.

Employee ###EMPLOYEE_NUMBER###
Number

Grant Name ###GRANT_NAME###

APPENDIX A

**LONG TERM PERFORMANCE AWARD AGREEMENT
Performance Measure and Corresponding Earned Shares
Under the Comtech Telecommunications Corp.
2023 Equity and Incentive Plan**

Fiscal 2026-2028 Performance Period

The Participant shall earn Performance Shares in accordance with the provisions set forth below, with any earned Performance Shares constituting Earned Shares under the Participant’s Long Term Performance Award Agreement of which this Appendix is a part (the “Performance Share Agreement”). Capitalized terms in this Appendix shall have the meanings as defined in the Performance Share Agreement.

Participant’s Target Performance Shares will be allocated to the Performance Measures (as defined below) as follows:

1. Operating Cash Flow Shares. 50% of the Participant’s Target Performance Shares will be allocated to the Company’s achievement of Adjusted Operating Cash Flow (as defined below) (“OCF Shares”);
2. Revenue Shares. 25% of the Participant’s Target Performance Shares will be allocated to the Company’s achievement of GAAP Revenue (as defined below) (“Revenue Shares”); and
3. EBITDA Shares. 25% of the Participant’s Target Performance Shares will be allocated to the Company’s achievement of Adjusted EBITDA (as defined below) (“EBITDA Shares”).

The number of Performance Shares earned by Participant for the Performance Period shall be determined as of July 31, 2028, as follows:

- The OCF Shares may be earned based on the Company’s cumulative Adjusted Operating Cash Flow in fiscal years 2026-2028 (“Adjusted Operating Cash Flow”)
- The Revenue Shares may be earned based on the Company’s cumulative GAAP revenues in fiscal years 2026-2028 (“GAAP Revenue”); and
- The EBITDA Shares may be earned based on the Company’s cumulative Adjusted EBITDA for fiscal years 2026-2028 (Adjusted EBITDA, together with Adjusted Operating Cash Flow and GAAP Revenue, the “Performance Measures”).

<i>Performance Criteria for Performance Period</i>	<i>Threshold</i>	<i>Target</i>	<i>Maximum</i>
Fiscal 2026-2028 Adjusted Operating Cash Flow			
Fiscal 2026-2028 GAAP Revenue			
Fiscal 2026-2028 Adjusted EBITDA			

Participant shall earn 50% of the applicable percentage of eligible Target Performance Shares for “Threshold Performance,” 100% of the applicable percentage of eligible Target Performance Shares for “Target Performance,” and 200% of the applicable percentage of eligible Target Performance Shares for “Maximum Performance.” Participant shall earn 0% of the applicable percentage of eligible Target Performance Shares for performance that is less than Threshold Performance. In the event of achievement of a Performance Measure between performance levels, the number of Earned Shares will be determined based upon linear interpolation.

In addition, following the calculation of Earned Shares, a “TSR Modifier” shall apply based on the Company’s achievement of TSR (as defined below) during the Performance Period. The “TSR Modifier” provides that (i) if TSR for the Performance Period is at or above the 75th percentile, then the number of Earned Shares calculated pursuant to the preceding paragraph shall be increased by 20%, and (ii) if TSR for the Performance Period is below the 25th percentile, then the number of Earned Shares calculated pursuant to the preceding paragraph shall be reduced by 20%. In the event that TSR for the Performance Period is between the 25th and 75th percentile, no adjustment to the number of Earned Shares shall be made. In no event shall the application of the TSR Modifier result in the achievement of more than 200% of the number of Target Performance Shares.

In connection with the death or Disability of the Participant or Change in Control of the Company during the Performance Period, the Committee shall (if required by the Performance Share Agreement) calculate a “Projected Performance Level” as the level of performance that would have been achieved over the Performance Period if the rate of performance of each performance criteria from the beginning of the Performance Period through the end of the fiscal quarter ending immediately prior to the date on which the Participant’s death or Disability or the Change in Control occurred had been sustained through the remaining fiscal quarters of the Performance Period. If such death or Disability of the Participant or Change in Control occurs after the Performance Period but prior to the Final Certification Date, the Projected Performance Level shall be the actual performance level achieved for the Performance Period.

Determinations of the Committee regarding the level of achievement of Adjusted Operating Cash Flow, GAAP Revenue, Adjusted EBITDA, and the TSR Modifier (including in connection with determining a Projected Performance Level), and the resulting number of Earned Shares, and related matters, will be final and binding on the Participant.

For purposes of this Appendix A:

“Adjusted EBITDA” shall be calculated as earnings before interest, income taxes, depreciation, amortization of intangibles, impairment of long-lived assets, including goodwill, amortization of cost to fulfill assets, amortization of stock-based compensation, named executive officer transition costs, change in fair value of warrants and derivatives, proxy solicitation costs, restructuring costs, write-off of deferred financing costs and debt discounts, adjustments for the impact of consummating an acquisition or a divestiture, acquisition or divestiture related costs, whether or not consummated, impacts of recapitalizations or refinancing of the Company, costs associated with litigation or indemnification, adjustments to income before provision for income taxes as required by adoption of a new accounting standard, and any other extraordinary, unusual or nonrecurring type item, subject to approval by the Committee.

“Adjusted Operating Cash Flow” shall be calculated as GAAP operating cash flow as included in the Company's annual financial statements, and as adjusted for cash flows related to named executive officer transition costs, proxy solicitation costs, restructuring costs, the impact of consummating an acquisition or a divestiture, acquisition or divestiture related costs, whether or not consummated, impacts of recapitalizations or refinancing of the Company, to the extent included in GAAP operating cash flow, litigation or indemnification, and any other extraordinary, unusual or nonrecurring type item, subject to approval by the Committee.

“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 Performance Period (other than due to bankruptcy);

“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 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 Performance Period, expressed as a percentage return. For purposes of computing TSR, the stock price at the beginning and end of the 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 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.

TSR shall be determined by the Committee as follows:

1. For the Company and for each other company in the Comparison Group, the Committee shall determine the TSR for the Performance Period;
2. The Committee 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 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 Performance Period, in the event that the Company's TSR for the 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 Performance Period (plus the Company if the Company is not one of the Comparison Group members for that 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 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 Committee 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.

**CASH-SETTLED PERFORMANCE AWARD AGREEMENT
PURSUANT TO THE
COMTECH TELECOMMUNICATIONS CORP.
2023 EQUITY AND INCENTIVE PLAN**

THIS CASH-SETTLED PERFORMANCE AWARD AGREEMENT (this “Agreement”), is made effective as of ###GRANT_DATE###, by and between Comtech Telecommunications Corp. (the “Company”) and ###PARTICIPANT_NAME### (the “Participant”).

WHEREAS, the Board of Directors of the Company (the “Board”) adopted, and the stockholders of the Company approved, the Comtech Telecommunications Corp. 2023 Equity and Incentive Plan (the “Plan”);

WHEREAS, pursuant to Section 1.3 of the Plan, the Committee has been appointed to administer the Plan;

WHEREAS, the Company, through the Committee under the Plan, wishes to grant to the Participant a Cash-Settled Performance Award under Article IV of the Plan that, following the achievement of the specified levels of performance, as set forth on the document titled “Performance Measures and Corresponding Earned Units” attached hereto as Appendix A (the “Performance Measures”), 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 Measures (subject to accelerated earning, vesting and payment of such amount as specifically provided herein) (such performance units, the “Performance Units”), 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 Units shall be subject to the terms of this Agreement and the Plan.

NOW, THEREFORE, the Company and the Participant agree as follows:

1. Grant of Cash-Settled Performance Award. Subject to the restrictions, terms and conditions of the Plan and this Agreement, on November 7, 2025 (the “Grant Date”), the Company awarded and granted to the Participant an award under Article IV of the Plan with the designated target number of ###TOTAL_AWARDS### Performance Units (the “Target Performance Units”), which provides to the Participant a conditional right to earn the Target Performance Units, or a number of Performance Units for the Performance Period (as defined below, subject to adjustment as described in Section 3) 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 Measures 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 Measures, multiplied by (ii) the Fair Market Value of a share of Common Stock on the business day immediately prior to the Final Certification Date, subject to the provisions of Sections 3 and 4 below.

2. Certification Date. Subject to the Participant’s not incurring a termination of employment or service 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 Measures with respect to the performance period beginning on August 1, 2025, and ending on July 31, 2028 (the “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 Measures for the Performance Period in accordance with Appendix A (such earned Performance Units, the “Earned Units”), subject to the Participant remaining employed through the Final Certification Date, except as otherwise provided in Section 3. The Committee shall certify the level of achievement of each of the Performance Measures no later than three months following the end of the 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 Measures for the 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 shall become fully vested and cash payments with respect thereto shall (subject to compliance with Section 409A of the Code, to the extent applicable) be distributed to the Participant or his or her beneficiary within sixty (60) days following the Participant’s death or Disability, with the Fair Market Value to determine the cash payment to be determined based on the Fair Market Value of a share of Common Stock as of the date of death or Disability. The term “Disability” shall have the meaning set forth in Section 409A(a)(2)(C)(i) of the Code, 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 or service without Cause (and other than due to death or Disability) by the Company and its Affiliates on a date that is both prior to the Final Certification Date and prior to a Change in Control occurring, the Participant shall earn for the 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 Performance Units the Participant would have earned based on the actual achievement of each of the Performance Measures for the Performance Period as if the Participant remained employed or engaged by the Company through the Final Certification Date, times (y) a fraction, the numerator of which is the number of days during the Performance Period that the Participant was employed or engaged by the Company, and the denominator of which is the number of days in the Performance Period. The resulting

number of Earned Units (if any) shall become fully vested and cash payments with respect thereto shall 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 or service due to the Participant's (A) resignation for any or no reason or (B) termination of employment or service for Cause on a date that is prior to the Final Certification Date, then all Performance Units shall be forfeited on the date of such termination of employment or service for no consideration.

3.2. **Change in Control.** In the event of a Change in Control prior to the Final Certification Date, the Performance Measure for the 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 Change in Control, and the resulting number of earned Performance Units, shall be deemed to be Earned Units and shall become fully vested as of the Change in Control (including in the case of a Participant whose employment or service terminated between the time of the Change in Control and the Assumption Deadline (as defined below)) and all cash payments with respect to the vested Earned Units shall (subject to any limitations under Section 409A of the Code) be distributed to the Participant within sixty (60) days following the Change in Control, with the Fair Market Value to determine the cash payment to be determined based on the Fair Market Value of a share of Common Stock as of the date of the Change in Control (which, for the avoidance of doubt, shall be 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 Change in Control if shareholders receive consideration in connection with the Change in Control); provided, however, that if the Performance Units constitute nonqualified deferred compensation, within the meaning of Section 409A of the Code, and the Change in Control is not a "change in control event," within the meaning of Section 409A of the Code or if settlement upon a Change in Control would otherwise be prohibited under Section 409A of the Code, then the cash payments calculated under this Section 3.2 with respect to vested Earned Units shall be distributed to the Participant in accordance with Section 4 hereof or upon the Participant's earlier death or Disability. 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 Unit hereinafter called an "Alternative Performance Unit"), by Participant's employer (or the parent or a subsidiary of such employer), 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 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 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 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 Change in Control);

(iv) In furtherance of clause (ii) above, the performance goal applicable to the Alternative Performance Units (the “Alternative Performance Measure”) 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 Measure immediately prior to the Change in Control (assuming the Change in Control had not occurred and assuming that the Company had incurred no expense in connection with the 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 Change in Control and prior to the Final Certification Date, either the Participant has a termination of employment or service 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 termination of employment or service would constitute a resignation for “Good Reason” under any other agreement by and between the Participant and the employer or its parent or other affiliates, and Participant effects a termination of employment or service for such Good Reason, then the Alternative Performance Measure for the Performance Period shall be deemed to be satisfied at the Maximum Performance level (as defined in Appendix A) as of the date of such termination of employment or service, and the resulting number of earned Alternative Performance Units shall become fully vested (to the extent not vested prior thereto) and the cash payment with respect to such Earned Units shall be distributed to the Participant within five business days after such termination date; provided, however, that if the Performance Units constitute nonqualified deferred compensation, within the meaning of Section 409A of the Code, and the Change in Control is not a “change in control event,” within the meaning of Section 409A of the Code or if settlement upon such termination would otherwise be prohibited under Section 409A of the Code, then the vested Earned Units shall be distributed to the Participant in accordance with Section 4 hereof or upon the Participant’s earlier death or Disability.

(vii) Any changes after the Change in Control to the businesses the performance of which is measured under the Alternative Performance Measure, including but not limited to asset sales or dispositions, reorganizations, restructurings, acquisitions, or discontinuations of operations, that will or could have an adverse effect on the performance criteria under the Alternative Performance Measure during the Performance Period shall be accompanied by adjustments to the

Alternative Performance Measure so that such changes do not reduce the probability of the Performance Measure 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 ten business days in advance of the Change in Control.

4. Vesting of Earned Units and Cash Distribution. Subject to Section 3, Earned Units shall vest and cash payments with respect thereto shall be distributed to the Participant within ten (10) days following the Final Certification Date (and in any event no later than three months following the conclusion of the Performance Period).

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 (including during any period of deferral at the election of the Participant), 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. 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 or earnings will be credited on accrued dividend equivalents. Dividend equivalents will be distributable at such time as cash payments resulting from the earning and vesting of the Performance Units to which the dividend equivalents relate are distributed.

6. Detrimental Activity. In the event the Participant engages in Detrimental Activity prior to, or during the one year period following the earlier of the Participant’s termination of employment or service or the Final Certification Date, the Committee may direct (at any time within one year thereafter) that all Performance Units shall be immediately forfeited to the Company and that the Participant shall pay over to the Company any cash amount paid with respect to the Earned Units or dividend equivalents paid in connection therewith.

7. Restrictions on Transfer. Unless otherwise approved by the Committee, the Performance Units are not transferable other than by will or by the laws of descent and distribution. In addition, unless otherwise approved by the Committee, the Performance Units shall not be sold, transferred, assigned, pledged, encumbered, hypothecated or otherwise disposed of (whether by operation of law or otherwise), and the Performance Units 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 Performance Units or in the event of any levy upon the Performance Units by reason of any execution, attachment or similar process contrary to the provisions hereof not otherwise approved by the Committee, the Performance

Units and all rights thereunder, including the right to receive any cash payments, shall immediately become null and void.

8. Rights as a Stockholder. The Participant shall have no rights as a stockholder pursuant to this Agreement.

9. Rights as a Participant. Except as otherwise specifically provided herein, the Participant shall have no right to receive any new award once the Participant no longer qualifies as a participant under the Plan.

10. Provisions of Plan Control. This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, 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. Unless otherwise indicated, 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. 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.

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 the Participant, to the Participant's latest address in the Company's records.

12. Withholding. As a condition precedent to the payment of cash upon the vesting of the award, the Company or an Affiliate will withhold a portion of such cash payment which would otherwise be delivered to the Participant 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.

13. Power of Attorney. The Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of the Participant 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 the Participant, may in the name and stead of the Participant, make and execute all conveyances, assignments and transfers of property provided for herein, and the Participant hereby ratifies and confirms that which the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Participant 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.

14.1. 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 which the Participant is employed to expressly assume and agree in writing to perform this Agreement. Notwithstanding the foregoing, the Participant may not assign this Agreement.

14.2. This award of Performance Units and the issuance of cash payments hereunder 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 shall be subject to adjustment in accordance with Section 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.

14.3. The Participant agrees that the award of the Performance Units under this Agreement and the payment of cash hereunder and any dividend equivalents credited with respect thereto is special incentive compensation and that the Performance Units (even if treated as compensation for tax purposes) will not be taken into account as “salary” or “compensation” or “bonus” in determining the amount of any payment under any pension, retirement or profit-sharing plan of the Company or any life insurance, disability or other benefit plan of the Company.

14.4. This Agreement and the Plan constitute the entire agreement of the parties with respect to this award of Performance Units and supersede in their entirety all prior undertakings and agreements of the Company and the Participant 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 shall be effective unless in writing and signed by both parties.

14.5. 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.

14.6. 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.

14.7. 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.

14.8. 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.

14.9 The Participant acknowledges that the Participant is 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.

15. 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.

16. Section 409A of the Code. This Agreement is intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly, and each payment hereunder shall be considered a separate payment for purposes of Section 409A of the Code. To the extent this Agreement provides for the Performance Units to become vested and be settled upon the Participant's termination of employment or service, the applicable cash payment shall be transferred to the Participant or the Participant's beneficiary upon the Participant's "separation from service," within the meaning of Section 409A of the Code; provided that if the Participant is a "specified employee," within the meaning of Section 409A of the Code, then to the extent the cash payments with respect to the Performance Units constitute nonqualified deferred compensation, within the meaning of Section 409A of the Code, such cash payments shall be made to the Participant or the Participant's beneficiary upon the earlier to occur of (i) the six-month anniversary of such separation from service and (ii) the date of the Participant's death.

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. 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.

Address ###HOME_ADDRESS###

COMTECH
TELECOMMUNICATIONS CORP.

Employee
Number ###EMPLOYEE_NUMBER###

Grant Name ###GRANT_NAME###

APPENDIX A

CASH-SETTLED PERFORMANCE AWARD AGREEMENT Performance Measure and Corresponding Earned Units Under the Comtech Telecommunications Corp. 2023 Equity and Incentive Plan

Fiscal 2026-2028 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 the Participant’s Long Term Performance Award Agreement of which this Appendix is a part (the “Performance Award Agreement”). Capitalized terms in this Appendix shall have the meanings as defined in the Performance Award Agreement.

Participant’s Target Performance Units will be allocated to the Performance Measures (as defined below) as follows:

1. Operating Cash Flow Units. 50% of the Participant’s Target Performance Units will be allocated to the Company’s achievement of Adjusted Operating Cash Flow (as defined below) (“OCF Units”);
2. Revenue Units. 25% of the Participant’s Target Performance Units will be allocated to the Company’s achievement of GAAP Revenue (as defined below) (“Revenue Units”); and
3. EBITDA Units. 25% of the Participant’s Target Performance Units will be allocated to the Company’s achievement of Adjusted EBITDA (as defined below) (“EBITDA Units”).

The number of Performance Units earned by Participant for the Performance Period shall be determined as of July 31, 2028, as follows:

- The OCF Units may be earned based on the Company’s cumulative Adjusted Operating Cash Flow in fiscal years 2026-2028 (“Adjusted Operating Cash Flow”)
- The Revenue Units may be earned based on the Company’s cumulative GAAP revenues in fiscal years 2026-2028 (“GAAP Revenue”); and
- The EBITDA Units may be earned based on the Company’s cumulative Adjusted EBITDA for fiscal years 2026-2028 (Adjusted EBITDA, together with Adjusted Operating Cash Flow and GAAP Revenue, the “Performance Measures”).

<i>Performance Criteria for Performance Period</i>	<i>Threshold</i>	<i>Target</i>	<i>Maximum</i>
Fiscal 2026-2028 Adjusted Operating Cash Flow			
Fiscal 2026-2028 GAAP Revenue			
Fiscal 2026-2028 Adjusted EBITDA			

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 Measure between performance levels, the number of Earned Units will be determined based upon linear interpolation.

In addition, following the calculation of Earned Units, a “TSR Modifier” shall apply based on the Company’s achievement of TSR (as defined below) during the Performance Period. The “TSR Modifier” provides that (i) if TSR for the Performance Period is at or above the 75th percentile, then the number of Earned Units calculated pursuant to the preceding paragraph shall be increased by 20%, and (ii) if TSR for the Performance Period is below the 25th percentile, then the number of Earned Units calculated pursuant to the preceding paragraph shall be reduced by 20%. In the event that TSR for the Performance Period is between the 25th and 75th percentile, no adjustment to the number of Earned Units shall be made. In no event shall the application of the TSR Modifier result in the achievement of more than 200% of the number of Target Performance Units.

In connection with the death or Disability of the Participant or Change in Control of the Company during the Performance Period, the Committee shall (if required by the Performance Award Agreement) calculate a “Projected Performance Level” as the level of performance that would have been achieved over the Performance Period if the rate of performance of each performance criteria from the beginning of the Performance Period through the end of the fiscal quarter ending immediately prior to the date on which the Participant’s death or Disability or the Change in Control occurred had been sustained through the remaining fiscal quarters of the Performance Period. If such death or Disability of the Participant or Change in Control occurs after the Performance Period but prior to the Final Certification Date, the Projected Performance Level shall be the actual performance level achieved for the Performance Period.

Determinations of the Committee regarding the level of achievement of Adjusted Operating Cash Flow, GAAP Revenue, Adjusted EBITDA, and the TSR Modifier (including in connection with determining a Projected Performance Level), and the resulting number of Earned Units, and related matters, will be final and binding on the Participant.

For purposes of this Appendix A:

“Adjusted EBITDA” shall be calculated as earnings before interest, income taxes, depreciation, amortization of intangibles, impairment of long-lived assets, including goodwill, amortization of cost to fulfill assets, amortization of stock-based compensation, named executive officer transition costs, change in fair value of warrants and derivatives, proxy solicitation costs, restructuring costs, write-off of deferred financing costs and debt discounts, adjustments for the impact of consummating an acquisition or a divestiture, acquisition or divestiture related costs, whether or not consummated, impacts of recapitalizations or refinancing of the Company, costs associated with litigation or indemnification, adjustments to income before provision for income taxes as required by adoption of a new accounting standard, and any other extraordinary, unusual or nonrecurring type item, subject to approval by the Committee.

“Adjusted Operating Cash Flow” shall be calculated as GAAP operating cash flow as included in the Company's annual financial statements, and as adjusted for cash flows related to named executive officer transition costs, proxy solicitation costs, restructuring costs, the impact of consummating an acquisition or a divestiture, acquisition or divestiture related costs, whether or not consummated, impacts of recapitalizations or refinancing of the Company, to the extent

included in GAAP operating cash flow, litigation or indemnification, and any other extraordinary, unusual or nonrecurring type item, subject to approval by the Committee.

“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 Performance Period (other than due to bankruptcy);

“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 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 Performance Period, expressed as a percentage return. For purposes of computing TSR, the stock price at the beginning and end of the 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 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.

TSR shall be determined by the Committee as follows:

1. For the Company and for each other company in the Comparison Group, the Committee shall determine the TSR for the Performance Period;
2. The Committee 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 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 Performance Period, in the event that the Company’s TSR for the 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 Performance Period (plus the Company if the Company is not one of the Comparison Group members for that 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 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 Committee 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.

**CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kenneth H. Traub, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: March 16, 2026

/s/ Kenneth H. Traub

Kenneth H. Traub, Chairman of the Board,
President and Chief Executive Officer

**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 quarterly report on Form 10-Q 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: March 16, 2026

/s/ Michael A. Bondi

Michael A. Bondi
Chief Financial 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 Quarterly Report of Comtech Telecommunications Corp. (the "Company") on Form 10-Q for the period ended January 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth H. Traub, Chairman of the Board, President and 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: March 16, 2026

/s/ Kenneth H. Traub

Kenneth H. Traub, Chairman of the Board,
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 quarterly report of Comtech Telecommunications Corp. (the "Company") on Form 10-Q for the period ended January 31, 2026 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: March 16, 2026

/s/ Michael A. Bondi

Michael A. Bondi
Chief Financial Officer