

IEH CORPORATION FILES SUPER 10-K FOR FISCAL YEARS ENDED 2020, 2021 & 2022

Brooklyn, NY (June 22, 2023) IEH Corporation today filed its annual report on Form 10-K covering the fiscal years ended 2020, 2021 and 2022. This includes a restatement of the audited financial statements for the fiscal year ended March 31, 2020, along with the audited financial statements for the fiscal years ended March 31, 2021 and 2022, constituting a “Super 10-K.” In addition, IEH is in the process of preparing its Form 10-K for the fiscal year ending March 31, 2023, in an effort to become current in its filings.

Dave Offerman, President and CEO of IEH Corporation commented, “After two-plus years of exhausting labors by our finance department, consultants and auditors, IEH is pleased to finally share our financial statements for the past two years, along with the restated 2020 financial statements. It has been a painstaking process for our financial and accounting staff, our consultants and service providers and our audit firm, as we reconciled the inventory discrepancies that were the primary cause of our delayed periodic reports. Although the reasons and circumstances surrounding the filing delays have been addressed in prior communications, it is worth reviewing how we got here, what we have done to address the technical issues, and what we are doing to mitigate the possibility of future delays in filing our periodic reports. Following that review will be an update on our filings in the SEC administrative proceeding instituted on August 17, 2022 to determine whether to revoke the registration of our common stock, and an overview of our business, and state of operations.

MRP TO SAP MIGRATION

For nearly 30 years, IEH utilized an MRP system for its internal operations. While this system had historically worked well, it was a DOS-based system using 8-bit architecture, and in recent years was becoming increasingly difficult to run on modern servers and personal computers. In addition,

resources for support and maintenance were becoming less available. Therefore, in 2014, IEH purchased licenses for a small business ERP system from an SAP reseller, and began the process of tailoring it to our needs. In 2017, we began running the new SAP system in parallel with the legacy system, that is, inputting the same transactions in both systems, until we decided to switch completely to the new SAP system in September 2019. This was essentially a migration to a new enterprise accounting and inventory system. Although the two systems had been running in parallel, there were material differences in inventory treatment between the two – the legacy system utilized a periodic inventory valuation methodology (a top-down approach) while the new SAP system utilizes a perpetual inventory system (a bottom-up approach). The two disparate systems itemize inventory categories – raw material, work-in-progress (WIP), and finished goods – differently. As previously communicated, the inventory reconciliation required intense, demanding work that involved discriminating periodic inventory costing from perpetual inventory costing. While we understood at the time that some work would be necessary to reconcile the different systems, the enormity of the task did not start to manifest until we began preparing our financial statements for the first quarter of fiscal 2021.

Unfortunately, the realization of this discrepancy and the effort to begin reconciling it occurred at the worst possible time, Spring of 2020. This coincided with the onset of the COVID-19 pandemic in the United States, which hit New York City hard. For IEH, it was a “Perfect Storm.” We were designated an Essential Supplier and mandated to stay open and functional, but we were severely impacted both operationally and financially. Unable to conduct physical audits and initially lacking the resources to “wrap our arms” around the problem, we informed the market about these issues and how they would impact our SEC filings, including filing a Form 8-K regarding the non-reliance on our quarterly reports for the second and third quarters of the fiscal year ended March 31, 2020, and gave notice that our subsequent quarterly statements would be delayed until we were able to effectively reconcile the inventory accounting discrepancies. At the time we never anticipated it would take as long as it has to

file our late 10-Ks and 10-Qs, but the more we dug into the problem, the deeper we realized the hole was. To address the problem, our Chief Financial Officer made changes to our financial staff and hired a consulting firm focused on SEC financial reporting services to assist with carry forward data filtering and to provide sufficient auditable evidence to our auditors. We also engaged the services of an SAP consulting firm to assist with updating and implementing the SAP package, to better enable data entry and inventory classifications going forward. The dedication of these extensive resources enabled the analysis of over one million lines of data that were necessary to effectively reconcile the discrepancies between raw material, WIP and finished goods, which were the heart of the issue. We are confident that with these resources deployed, and with the knowledge we have gained through our education and use of this new system, once we are able to get current in our SEC filings, our periodic reports will be much more timely.

SEC Administrative Proceeding

As noted in our September 2022 Form 8-K, on August 17, 2022, the SEC issued an order instituting public administrative proceedings to determine if IEH Corporation's registration under the Securities Exchange Act of 1934 should be suspended or revoked due to its past due SEC periodic reports. IEH engaged counsel with a specific background in these matters to assist in its response, and on October 3rd filed an answer with the SEC in response to the order. This answer can be found here:

<https://www.sec.gov/litigation/apdocuments/3-20973-2022-10-03respondent-answer-to-oip.pdf>. On

March 1st the Division of Enforcement filed a motion, to which IEH responded on March 15th, and that document can be found here:

<https://www.sec.gov/litigation/apdocuments/3-20973-2023-03-15-respondent-opposition-brief.pdf>.

We encourage you to read these documents, as they effectively outline the company's efforts to become current with its SEC reporting obligations, and the reasons why IEH believes the SEC should not

suspend or revoke its registration. Further commentary on this matter will be shared when it is appropriate to do so.

STATE OF OPERATIONS

It would be an understatement to say the past three years have been challenging for IEH. Hit by two consecutive “black swan” events, we have experienced reductions in revenue and net income, and have only recently begun a trajectory of recovery. The first “black swan” event was the two crashes of the Boeing 737Max jet in 2019, which led to the grounding of the entire fleet worldwide, and a suspension of manufacturing and delivery of the jets. This unprecedented crisis had ripple effects throughout Boeing’s supply chain, as contract manufacturers, system integrators, and component suppliers like IEH went from an unrelenting pace of supply to support Boeing’s fastest selling jet in history, to a full-stop in operations. At IEH, this suspension was particularly harsh, as this single jet represented roughly 10% of our annual revenue in the prior year.

The second blow came shortly after, when the COVID-19 pandemic caused the near-grounding of all commercial aircraft in March 2020. In the span of two weeks, commercial air travel worldwide fell 90%, and has only recently begun to recover from that historic decline. This was a second major blow to companies supporting the commercial aerospace sector, and for IEH, a reduction in revenue of an additional 10% to 15%.

For most of this period, our revenue generated from the defense industry remained robust. The years ended 2020 and 2021 were strong, as demand for several military programs in which we were involved peaked at the same time. During the year ended March 31, 2022, we witnessed a natural ebb in the demand, abetted by the premature conclusion of an anti-terrorism program that constituted a major source of revenue. These factors, along with a reduction in revenue from some of our major overseas markets, particularly China, where COVID lockdowns were more sweeping and prolonged, all

contributed to the decline in IEH's overall revenue from 2020 to 2022. While revenue in our current fiscal year remains depressed from pre-COVID levels, we are encouraged by the recent rebound in both our revenue and our backlog. Indeed, our October 2022 forecast of \$16 to \$18 million for the year ending March 31, 2023 was low, as we now expect revenue of just over \$19 million. While still well below our revenue prior to the 737Max grounding and the onset of COVID, backlog growth of 61% from the beginning of the 2023 fiscal year points to a sustained, albeit gradual recovery.

In light of these events and the effects on our revenue, IEH in recent months has accelerated our efforts to diversify our product offerings and the markets we serve. Buoyed by increasing success in space launch and exploration, we have amplified our marketing efforts to the still nascent commercial space launch industry, and have achieved several notable "design-ins" in that sector. We also have increased our marketing and sales efforts in the medical industry, promoting our connectors and particularly our hyperboloid power contacts to medical device manufacturers (MDM), and those efforts have begun to bear fruit. While defense and commercial aerospace will always constitute a large portion of our business, as these are the natural homes for a premium product like the Hyperboloid, it is incumbent upon us to continue diversifying into other industries and markets, so that the next unforeseen adverse event in any one industry does not pose as significant a threat to our overall revenue stream.

In addition to these changes, we have also taken steps to enhance the governance of the company. Along with a new CFO, Controller, auditor and accountants, we are currently exploring additions to our Board of Directors. Just as a diversification of products and markets will serve us well, a diversification of skill sets and backgrounds will similarly improve the overall governance and direction of the company's leadership.

Finally, we have increased our focus on our inventory levels, which for numerous reasons remain high. While in previous years this was not as much of a concern, as the additional material enabled our

growth and inroads with major customers, in lean times such as these, it has proven a deterrent to cash growth. Led by our Finance and Operations teams, we are devoting additional resources and attention to reducing our inventory, to enable greater flexibility in cash management.

On behalf of the management team and staff of IEH, we sincerely appreciate the enormous patience and support of our valued shareholders as we navigated the migration to the SAP system, and work our way through this downturn. We remain incredibly optimistic about the future of our company, and look forward to sharing our growth, new endeavors and successes with you all.”

Cautionary Statement Regarding Forward-Looking Statements

Any statements contained in this press release that do not describe historical facts may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including without limitation, statements or expectations regarding our financial condition, regarding our revenues, inventory levels, cash and backlog, the commercial space launch industry, the success of our marketing and sales efforts in the medical industry, expectations regarding governance changes, our diversification of products and markets, expectations regarding future cash requirements, revenue and revenue recovery, including for fiscal 2023, projected timelines for making our SEC filings or successfully preventing our registration from suspension or revocation and expectations regarding our efforts and ability to resolve our inventory accounting issues. These statements often include words such as “believe,” “expect,” “estimate,” “plan,” “will,” “may,” “would,” “should,” “could,” or similar expressions, although not all forward-looking statements contain such identifying words. These statements are based on certain assumptions that the Company has made on its current expectations and projections about future events. The Company believes these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and you should not place undue reliance on any forward-looking statements. The Company’s actual performance or results could differ materially from those expressed in the forward-looking statements due to a variety of important factors, both positive and negative, as they will depend on many factors about which we are unsure, including many factors beyond our control. Among other items, such factors could include: any claims, investigations or proceedings arising as a result of our past due SEC periodic reports, including changes in the proceedings related to the SEC Order; our ability to remediate our inventory accounting issue; our ability to reduce costs or increase revenue; changes in the macroeconomic environment or in the finances of our customers; changes in accounting principles, or their application or interpretation, and our ability to make accurate estimates and the assumptions underlying the estimates; our ability to attract and retain key employees and key resources; and other risk factors discussed from time to time in our filings with the SEC, including those factors discussed under the caption “Risk Factors” in our most recent annual report on Form 10-K, filed with the SEC on June 22, 2023, and in subsequent reports filed with or furnished to the SEC. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements. Except as may be required by applicable law, we assume no obligation and do not intend to update or revise our forward-looking statements contained in this press release as a result of new information or future events or developments. Thus, you should not assume that our silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. You should carefully review and consider the various disclosures we make in our filings with the SEC that attempt to advise interested parties of the risks, uncertainties and other factors that may affect our business.