

IEH CORP FILES RESPONSE TO SEC ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS AND PROVIDES AN UPDATE ON REVENUE AND OPERATIONS

On October 3, 2022, IEH Corporation filed its response to the August 17, 2022 order issued by the Securities and Exchange Commission (“SEC”) instituting public administrative proceedings to determine whether IEH Corporation’s Securities Exchange Act registration should be suspended for up to twelve months or revoked due to its failure to timely file SEC periodic reports (the “Order”). Our answer to the Order can be found here: <https://www.sec.gov/litigation/apdocuments/3-20973-2022-10-03-respondent-answer-to-oip.pdf>

Dave Offerman, President and CEO of IEH Corporation commented, “We encourage our shareholders and the investing community to read our response, as it effectively outlines the company’s efforts to become current in its SEC reporting obligations, and the reasons why IEH believes the SEC should not suspend or revoke its registration. As a long-standing, fourth generation New York manufacturer which has been publicly-traded for decades, and which generates revenues and profits while supporting critical defense and commercial aerospace customers and applications, this SEC proceeding is not warranted or appropriate. While it is true we are not current with our recent SEC periodic reports, we believe we are near the endpoint in our efforts to reconcile the inventory accounting discrepancies which have caused our delayed filings.

We plan to file a ‘Super-10K’ with the SEC which will aggregate past due periods in one filing and provide more information on our operations and finances. In the meantime, we can provide an update on data not affected by the inventory accounting issues. As noted in our February 2022 press release, revenue for our fiscal year ending March 31, 2022 was down roughly 30% from March 2021. For the fiscal year ending March 31, 2023, we estimate revenue will be between 16 and 18 million, as the full effects of the Boeing 737 Max grounding and the effects of COVID-19 on the commercial aerospace supply chain should have been fully realized. This reduction in revenue, while painful, was not entirely unexpected. It was however, exacerbated by the earlier-than-expected winding down of a major defense program, and reduction in revenue from an overseas application that also was curtailed by COVID-related lockdowns. In response to this, IEH has taken steps to mitigate the effects on our cash flow. In the past year, we have reduced headcount by 25%, brought more automated sub-assembly equipment online to reduce overall labor costs, and as we continue to build out and move more manufacturing to our new Allentown, PA facility, we believe overhead costs should continue to decrease.

The following table provides relevant financial data:

(UNAUDITED AND NON-GAAP, NUMBERS IN MILLIONS)								
		12 MO 3/20		12MO 3/21		12MO 3/22		6MO 9/22
REVENUE		\$ 31.9		\$ 34.8		\$ 24.4		\$ 8.3
CASH		\$ 7.8		\$ 13.9		\$ 12.7*		\$ 10.6
BACKLOG		\$ 21.5		\$ 13.7		\$ 7.9		\$ 11.4
*Does not include \$1.7mm spent in cash on PA buildout								

While our backlog fell significantly from March 2020 to March 2022 as our revenue declined, it has since risen as our bookings begin to increase with the overall recovery of the commercial aerospace supply chain. We believe the subsequent revenue increase will begin to manifest towards the end of this fiscal year into fiscal 2024, when we expect our revenue recovery to accelerate. We believe our cash and cash equivalents on hand will be sufficient to fund our operating expenses and capital expenditure requirements into 2024. While we don't currently have plans to raise capital, we may in the future raise additional funds.

More details will be shared when we publish our Super 10-K and subsequent filings, and in the meantime thank you again to our valued shareholders for their continued patience and support."

About IEH Corporation

For 80 years and 4 generations of family-run management, IEH Corporation has designed, developed, and manufactured printed circuit board (PCB) connectors, custom interconnects and contacts for high performance applications. With its signature Hyperboloid technology, IEH supplies the most durable, reliable connectors for the most demanding environments. The company markets primarily to companies in defense, aerospace, space and industrial applications, in the United States, Canada, Europe, Southeast and Central Asia and the Mideast. The company was founded in 1941 and is headquartered in Brooklyn, New York.

Cautionary Note Concerning Forward-Looking Statements

Certain statements contained in this press release, and in related comments by the Company's management, include "forward-looking statements." All statements, other than statements of historical facts, including, without limitation, statements or expectations regarding our financial condition, 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 are forward-looking statements. These statements often include words such as "believe," "expect," "estimate," "plan," "plan," "estimate," "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; and our ability to attract and retain key employees and key resources. Additional information concerning these and other factors can be found in our filings with 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 do not undertake or intend to update or revise our forward-looking statements, and we assume no obligation to update any 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.

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