

The date is July 17, 2026. A fireside chat with Dave Offerman of IEH Corporation and Nicholas Cordeluchcci of Atrium Research.

Thank you. Can everybody hear me? Okay. Right. My name is Dave Offerman. I'm the president and CEO of IEH Corporation. Thank you all for being here for our fireside chat. [clears throat] This is obviously an abbreviated version of the presentation that I typically do for investors. And if you have a chance to stop by my booth, I have a more detailed handout that's got some more information. And of course, there'll be time for Q&A. But just a few brief slides to go through with you guys, and then I know Nick will have some questions for me.

So IEH is an electronic components manufacturer. Specifically, we make printed circuit board connectors, primarily for defense and commercial aerospace. Those are our two largest markets. We also do some connectors for space applications, for medical, and hopefully we'll be doing more and more of that because we are very heavily in defense and commercial aerospace.

We were founded in 1941 by my great-grandfather, my father's father's father, in New York City, in lower Manhattan. And we were originally a tool and die maker in support of the war effort during World War II. Eventually, we got into other businesses, consumer electronics, transistors, that sort of thing. And then we got into making printed circuit board connectors with a very specific technology known as hyperboloid, which, without getting too into the weeds, is a very specific type of connector technology that is ideally suited for high-stress applications. That's why we primarily serve defense and commercial aerospace, because these are two markets and industries where the reliability and the performance of the connectors are much more important than the price. So that is our core competency: hyperboloid connectors and contacts. Two facilities, one in Brooklyn, New York, one in Allentown, PA, and about 180 employees and growing.

These are some of the broad strokes. Again, more detail in handouts that I have at my booth, and of course I can provide more information if you have a chance to stop by and say hello. But hyperboloid is kind of our secret sauce. It's, again, our core competency. It's what separates us from other connector manufacturers. There are only a few companies in the world that produce these types of connectors. It's a very tricky technology to master, to do both cost-effectively and at high volumes with consistent quality. So that's kind of our mode. And we serve markets where, again, the performance, the durability, the reliability of the connectors are much more important than the price.

And over the last, I'd say, year or so, but especially over the last six months, we've seen a historic surge in demand. And as a result, our backlog, like I say up here, has tripled in the last year, doubled just since the start of this calendar year. And look, if you watch the news, you see what's going on in the world. It's pretty easy to

understand why. There's a lot of tension, a lot of military conflict. For better or worse, this is good for IEH because, again, the biggest market we serve is defense. Whether it's missiles, missile defense systems, radars, communications equipment, that sort of thing, precision-guided munitions, these are all very important markets for us. And they're going through historic growth right now. The word I keep coming back to is historic. I've never seen anything like it in my 20-plus years in the company. And you'd be hard-pressed to find anybody in our world who's seen a surge like this, really, since the Cold War. So it's pretty historic what's happening.

We're also looking to expand into other markets: medical, space. These are two very good growth markets for IEH because these are two markets outside of defense and commercial aerospace where, again, the performance and the reliability of the connector are much more important than the price. And we're looking to expand into these markets both organically through product development as well as inorganically through possible acquisitions.

And again, fourth-generation family ownership. I'm the fourth generation to run the company. I am the largest shareholder in IEH. So our interests are aligned. I am not a hired gun. I've got skin in the game. I've got a lot of skin in the game. So your interests and my interests are aligned.

So that is pretty much the overview. At that point, I'll let Nick fire away with some questions.

Oh, there we are. All right. Well, thanks for the brief overview there. And for everyone's reference, my name is Nick Cordeluchi with Atrium Research. We cover the stock with research. They're a paying client of the firm, for full disclosure. So maybe the first thing to walk us through would be the value chain and why customers choose IEH over some of your competitors.

Sure. That's a great question, and it's definitely not because of price. There are lots of different kinds of connectors in your world. There's a connector in the bottom of your iPhone that you plug in at night or to charge it. That connector costs pennies, is made overseas with minimal labor, and is completely disposable. I tell people, we don't make connectors for iPhones. We make some connectors that cost more than the iPhone because, again, they're going into mission-critical applications, whether it's missiles, torpedoes, rockets, satellites, engine control systems, or fuel management systems, where the customers understand that they're going to pay a premium, but the connector cannot fail.

So that's our home. It's an engineering design process. It's an engineering sale where the customer engineers, whether at a prime defense contractor or an airframe manufacturer, know they need this superior type of technology to ensure that their box, their system, their module doesn't fail under high stress.

Okay, great. And then describe to us how this qualification process works, how you get locked into some of these programs, what kind of hoops you have to jump through, and how sticky those programs are once you do get in there.

Sure. It's a long sales cycle. Defense contractors have long time horizons, a long time for a product to get confirmed, designed in, go through low-rate initial production, and finally get deployed in the field. But the upside is that those programs can go on for decades. We have connectors that were designed in on the Patriot radar in the early '7s, and we're still selling thousands of them today. So it's a long sales cycle, but it's a long life cycle. And most of our business, most of our margins come from sole-source items where we're essentially a monopoly.

So, like I said, it's an engineering sales process. The engineers work together to determine the specs, the technical qualifications. It gets designed in. It goes through different iterations. It goes through design testing and finally into production.

Okay. Thank you. And what are the main programs we should be watching for your guys' exposure, as well as some new programs you're planning to get involved with?

Sure. So again, in the news a lot lately, you might see Patriot, which, as a radar system, has been around for decades. There's also Patriot Missile, and I've actually issued a couple of press releases in recent months about some of the demand and the orders that we've received from those. Again, I keep coming back to the word historic. It's like nothing we've ever seen before. So Patriot is one.

There's another program called APKWS, which stands for ADA Advanced Precision Kill Weapon System, where BAE is the prime contractor. That's a precision-guided munition. There's also a program called LTAMS, or lower-tier air missile defense. Another one is AMRAAM, which has been around for a while. Advanced Medium-Range Air-to-Air Missile. Wow, good for me. There are a lot of acronyms in this world.

So those are just a handful of the military programs that you're seeing a lot in the news lately as the Pentagon and the War Department look to replenish munitions that have been depleted first for Ukraine and then now for Israel and, of course, for our own stocks in the current conflict with Iran. What we've really seen in the Pentagon is a sea change, a structural shift in how they go about procuring and acquiring munitions. They're giving not just much more money, but much more visibility to the prime defense contractors, much longer-term commitments in terms of, "We're not just going to do this temporary surge, ask you to ramp up capacity and hiring and facilities, just to have it go away in a year." These are long-term commitments, which are now trickling down to their suppliers, companies like mine. So that's on the defense side.

On the commercial aerospace side, we're seeing a great uptick, although it's more incremental, from Boeing and Airbus, who are the two biggest end users of our product, but we don't sell anything directly to them. Again, we sell to the guys who sell to them. So the 737 MAX, the 787 Dreamliner, the Airbus A320, A340, these are all great platforms for us that are seeing a big uptick because the demand for Airbus and Boeing over the next 10 to 20 years, well into the 2030s, is terrific, and that bodes well for us.

Sure.

Oh, good or bad. Again, not directly to a lot of the Israeli military contractors, but to their suppliers. But there is some of that in Iron Dome. There's a lot more potential for us in the Golden Dome. Trump had a hand in that name. But that's the US version of the Iron Dome, which, again, if you follow defense news, has been talked about a lot lately.

Thank you. And one of the knocks on the story has been that the margins have come down in the last couple of years due to the gold price. So maybe walk investors through what happened there and what you're doing to offset that and mitigate that going forward.

Sure. Yeah. Well, gold has been a big cost for us over the last couple of years. Again, if you follow this, you see that gold has almost doubled in the last two years, actually more than doubled, and 2025 saw the largest annual increase since 1979. So that was a big hit to our margins. Tariffs were also a hit, and other expenses: health insurance, labor costs, labor cost increases, that sort of thing. But gold is the big culprit. Fortunately, it's stabilized. Tariffs, thank you, Supreme Court, are not as much of an issue, or shouldn't be going forward.

One of the things we've been doing is diversifying our gold supply, as well as looking to make more of our own components. We're purchasing equipment to be more vertically integrated, with less reliance on overseas suppliers, less subject to things like tariffs or trade issues, because a lot of our raw material has traditionally come from Europe. So getting more of the equipment to enable more vertical integration should help a lot in that sense.

But the biggest thing we've been doing is raising prices a lot more aggressively than we had in the past. We used to be able to get pretty good margins just doing modest price increases year over year. That ship has sailed. After COVID, with a lot of the supply chain issues raising prices, and then with gold over the last, I'd say, two years or so, we've been much, much more aggressive in raising prices. And I'm pretty confident we're going to start seeing the fruits of those labors later this fiscal year into the following year.

And would you have a long-term margin target that you'd want to achieve?

So, for many years, even as we grew the top line, we maintained pretty good 30 to 35% gross margins. Since COVID and the decline in our business from, say, 2021 to 23, and then with gold rising, it's been a challenge to get back to that. But we're on our way back there, and I feel, again, pretty confident that we can get back to 30 to 35% gross margins, operating margins in, say, the high teens to mid-20s, within the next six months to a year.

Okay, fantastic. So with the backlog doubling over the last six months, tripling over the last year, what is your guys' revenue capacity? And do you have optionality to increase that, whether that's adding shifts or committing capex to increasing the revenue?

Yeah. So, fortunately, we opened this second facility in Allentown, I guess about four years ago. We actually started the process during COVID, and people thought we were kind of nuts because our business was contracting at that time. But we knew that the business that was going away during COVID was not gone forever. It was a lot of the commercial aerospace business, and we knew it was coming back. So we moved forward with the expansion.

I'm really, really happy that we did because we went from 20,000 square feet in Brooklyn to an additional 29,000 and change in Allentown. We have almost 50,000 square feet now. We have fewer employees than we did when we were just in Brooklyn. So we have a lot of room to expand capacity in Allentown, where all of the growth is. And we're actually next week starting up a second shift in some departments in order to keep up with this demand, as well as continuing to hire.

Right. That makes sense. And for investors, can you remind them of your balance sheet position, cash, as well as what you're planning to do with that cash, whether that's deploying it into M&A, what you're looking at in terms of what would be an ideal fit?

Sure. So, unfortunately, even though we weren't profitable last year, cash has remained pretty much the same over the last year. We have about nine and a half million in cash. And you know this saying: "Profit is an opinion, cash is a fact," and cash is king. Fortunately, we're in a very enviable position in terms of cash, which we can certainly deploy towards M&A initiatives, which I am very interested in and have been having a lot of conversations about. So that will be a good use of it, as well as continuing to invest in our capabilities.

Like I mentioned, purchasing equipment, we're getting screw machines, which are not cheap, to enable more vertical integration, less reliance on outside suppliers. Those are all investments in capex that we're doing now in order to set ourselves up more strategically in the future.

And what was the dollar figure on the cash amount last?

About nine and a half million.

Okay, so it's a decent...

I mean, this is all public. I'm not speaking out of school here.

Yeah, it's a decent percentage of the market cap.

Yeah.

And then, just the last one before we open it up would be: what's the endgame for the company? Do you foresee it being a family business, or do you think you would sell it over the long term here?

Yeah, good question. Like I mentioned, I'm the fourth generation. People say, "Oh, well, who's the fifth generation?" I have two young sons, but they're pretty young. I feel like I'm still pretty young. I'm 51. I don't feel old, except sometimes when I get out of bed in the morning. But I feel like I have a lot of runway still to grow this company, and I still have a lot of ambition and energy, and I'm very, very excited about the future. So I'm not going anywhere.

I don't know if I'm going to wait around for my kids to decide what they want to do, but maybe talk to me in 10 years and see how I feel. But for now, I see a lot of growth potential for us to grow both organically and inorganically. And there's a lot of runway for me and for the company.

Fantastic. Okay. Let's take some questions from the audience here, and we can keep going.

Good question. So, we make connectors, and maybe if I went back a few slides, I think I have some images of some of our products.

And for the virtual listeners, the question was, "Why is gold so important as a component or input?"

Thank you, Nick. Yeah, so, being a supplier to the military, there are certain standards, what's called military specifications or mil-specs, that we have to adhere to. And part of those is having a certain amount of gold in our connectors, in our contacts, to ensure the reliability and the durability of the product. They talk about 50 microinches. Again, I don't want to get too into the technical specs, but it's a lot more gold than you would have on the pins of your iPhone connector, for instance. So, in order to meet those requirements, we have to have a pretty large amount of gold in each of our products.

Those are just some pictures of some of our products, some of our connectors and contacts. And that should give you an idea of the gold content. So, we're kind of

mandated to use a lot of gold for connectivity, conductivity, amps, current, that sort of thing.

No, I don't believe that's applicable for connectors. And we've actually had conversations with DLA, the Defense Logistics Agency, which governs mil-specs, and they are not interested in changing. They might consider less gold over nickel palladium as opposed to gold over nickel over copper. Again, I don't want to get too into the weeds over it, but we don't have a lot of flexibility in terms of how much gold we can put on these contacts.

Yeah.

Sure.

Good question. The question was: defense contractors have long time frames. A lot of the business that we're getting today was designed in many, many years ago. What are we doing to grow the business now?

Sure. The salespeople that I have, my sales managers and sales director and those reps, the work that they're doing now, we're not going to see the benefits of that over the next 6 months or a year or even two years. The work that they're doing now, the programs that they're getting designed in on, we'll see that revenue in three to five to maybe 10 years. For example, Patriot missile has been in the news a lot. We got several million dollars' worth of orders on that in the last few months. I was working on that with Raytheon 10, 12 years ago, getting those parts designed in. So again, it's the long life cycles of the product.

Outside of defense, we still have a lot of growth available to us in commercial aerospace. Boeing and Airbus are always working on the next generation of jets, and we're working with their subcontractors, whether it's Honeywell, Parker, Triumph, companies like that, on getting our connectors designed in on the next generation of avionics equipment. Again, we'll see meaningful revenue on that 5, 10 years from now.

Yeah.

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So the question was: how often can we raise prices, especially to our defense customers? Generally, in our industry, when you give a quote, you have to have it stay valid for a certain period of time. We do have some LTSAs, long-term service agreements, where we agree to lock in prices for a year or two years. That's not the bulk of our business. There's a little bit of that. But generally, quote validity is like 90 days. And in the past, we would put that in there, but we generally wouldn't stick to it. We would let customers have six months, maybe nine months. Not anymore. Now 90 days is up. I'm raising your price.

And even just today, I had a back-and-forth with a buyer locked about this: "Oh, you just gave us this price back in March." "Yeah. Well, now it's June. Sorry." It's again having to be a lot more aggressive than we were in the past.

Yeah.

Huge. Yeah, the question is about drones, and I get that a lot too. Even my CFO is like, "Why are we in all these drones?" And I'm like, "All right, listen." First of all, drone is an umbrella term. It can be anything from a \$10 drone you buy on Amazon for your kid that's the size of a shoebox to a Predator drone, which is the size of a Cessna and flies at 80,000 ft. We're much more for the latter than the former.

So, yes, we are in drones. We have more opportunities in drones, but it's never going to be a huge market for us because the ones that you see in the news that Ukraine is using a lot against Russia, these are produced at mass volume. They're disposable, they're cheap. It's not really the home for us. So, while there are opportunities with drones, and we are doing work with a lot of the names that you see in the news with drones, it's not a potentially huge market for us. It's a little more niche for our type of product.

Underwater, maybe a little bit, like unmanned underwater vehicles, UUVs.

Yeah.

Oh, yeah. No, and there's a little bit of that. Again, it's through the prime defense contractors, the ones primarily in underwater drones right now. There aren't a lot of Ander Anderils for underwater drones. So again, a little more of a niche market, but certainly a possibility for us. I think we only have a couple of minutes left. Yes.

Yeah, the question was regarding competitors and the competitive landscape, and yes, you are correct. For hyperboloid connectors, there's really only one other connector manufacturer of note, and that's Smiths Interconnect, which is a division of Smiths Group, which was actually just sold last year to Molex, which is a very large company. We've done very well in the past competing against Smiths because of their customer service and engineering support, or lack thereof.

In our world, the engineering relationship is huge. These contractors, they want to know that they have a reliable partner for their components and that they have somebody on the other end of the phone when they call, or they get some help with delivery flexibility, with technical specs, with quality issues. And that's one of the reasons why we've done so well competing against Smiths. And once you're designed in on these programs and they go into production, it's almost impossible to lose that business. The cost and the headache for them to not only design you out, but to even just second-source you, are unbearable. You pretty much have to disappear off the face of the earth for them to go to another source. So, it makes it difficult if you're on the outside looking in, but if you're on the inside, you're set.

I think we only have a minute left, so maybe...

Smiths was sold for about 15 times IDA for a president transaction for IEH. And that's in their press release, and it's public information.

I don't know that it will necessarily hit us or, I should say, have much of an effect on us. We're already getting hammered by our customers to deliver more, faster. So, it's just going to be more of that. We're dealing with that a lot now, which is a good problem to have. Customers want more, faster: "Get more in order, get more to us." Fortunately, it's not just us. Everybody who's in the defense supply chain is experiencing the same kind of growth and the challenges that we have now.

Hey, Dan.

So that's a great question, and that'll probably be the last one.

Yeah, that'll be the last question.

So Dan asked about M&A and what our process is. I have two goals with M&A: broaden the diversity of the products we offer so that we're not just a one-trick pony, hyperboloid connectors, and diversify the markets served because defense and commercial aerospace are great markets to be in, but just like you don't want to have all your eggs in one basket, you don't want to have them in two baskets either.

So the companies that we're looking at are companies that have different products than what we have but are complementary to ours and also have exposure to other markets, specifically medical, which is a big target market for me in terms of having medical represent more of our overall revenue, plus being a company that we can afford. I don't want to bite off more than I can chew. So, as long as companies meet those criteria, those are the types of companies that we're interested in.