

Conference Call Information

We have scheduled an investor conference call for 5:00 PM (ET) on Monday, March 18, 2024. Investors and the public are invited to access a live webcast of the conference call from the Investor Relations section of the Comtech website at www.comtech.com. Alternatively, investors can access the conference call by dialing (800) 225-9448 (domestic), or (203) 518-9708 (international) and using the conference I.D. "Comtech." A replay of the conference call will also be available by dialing (888) 566-0825 (domestic), or (402) 220-0427 (international) through Monday, April 1, 2024.

About Comtech

Comtech Telecommunications Corp. is a leading global technology company providing terrestrial and wireless network solutions, next-generation 9-1-1 emergency services, satellite and space communications technologies, and cloud native capabilities to commercial and government customers around the world. Our unique culture of innovation and employee empowerment unleashes a relentless passion for customer success. With multiple facilities located in technology corridors throughout the United States and around the world, Comtech leverages our global presence, technology leadership, and decades of experience to create the world's most innovative communications solutions. For more information, please visit www.comtech.com.

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Appendix:

- Cautionary Statement Regarding Forward-Looking Statements
- Condensed Consolidated Statements of Operations (Unaudited)
- Condensed Consolidated Balance Sheets (Unaudited)
- Use of Non-GAAP Financial Measures

Cautionary Statement Regarding Forward-Looking Statements

Certain information in this shareholder letter contains forward-looking statements, including but not limited to, information relating to our future performance and financial condition, plans to address our ability to continue as a going concern, 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. These factors include, among other things: our ability to access capital and liquidity so that we are able to continue as a going concern; our ability to successfully implement changes in our executive leadership; the possibility that the expected synergies and benefits from acquisitions and or restructuring activities will not be fully realized, or will not be realized within the anticipated time periods; the risk that the acquired businesses will not be integrated successfully; 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 our "One Comtech" transformation and integration of individual businesses into two segments; 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; adjustments to gross profits on long-term contracts; risks associated with international sales; rapid technological change; evolving industry standards; new product announcements and enhancements; changing customer demands and or procurement strategies; changes in prevailing economic and political conditions, including as a result of Russia's military incursion into Ukraine, the Israel-Hamas war and escalating attacks in the Red Sea region; 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 Facility and our ability to refinance our Credit Facility; 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").

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Consolidated Statements of Operations

| | (Unaudited) | | (Unaudited) | |
|--------------------------------------------------------------------------------------|--------------------------------|--------------------|------------------------------|---------------------|
| | Three months ended January 31, | | Six months ended January 31, | |
| | 2024 | 2023 | 2024 | 2023 |
| Net sales | \$ 134,225,000 | 133,725,000 | \$ 286,136,000 | 264,864,000 |
| Cost of sales | 91,027,000 | 87,801,000 | 195,056,000 | 172,137,000 |
| Gross profit | 43,198,000 | 45,924,000 | 91,080,000 | 92,727,000 |
| Expenses: | | | | |
| Selling, general and administrative | 30,307,000 | 28,915,000 | 63,002,000 | 58,252,000 |
| Research and development | 6,843,000 | 12,441,000 | 14,655,000 | 25,192,000 |
| Amortization of intangibles | 5,288,000 | 5,349,000 | 10,577,000 | 10,698,000 |
| Gain on business divestiture, net | (2,213,000) | — | (2,213,000) | — |
| CEO transition costs | — | — | — | 9,090,000 |
| | 40,225,000 | 46,705,000 | 86,021,000 | 103,232,000 |
| Operating income (loss) | 2,973,000 | (781,000) | 5,059,000 | (10,505,000) |
| Other expenses (income): | | | | |
| Interest expense | 5,265,000 | 3,791,000 | 10,197,000 | 6,026,000 |
| Interest (income) and other | 902,000 | 455,000 | 837,000 | 200,000 |
| Loss before benefit from income taxes | (3,194,000) | (5,027,000) | (5,975,000) | (16,731,000) |
| Provision for (benefit from) income taxes | 7,364,000 | (222,000) | 6,020,000 | (830,000) |
| Net loss | \$ (10,558,000) | (4,805,000) | \$ (11,995,000) | (15,901,000) |
| Loss on extinguishment of convertible preferred stock | (13,640,000) | — | (13,640,000) | — |
| Adjustments to reflect redemption value of convertible preferred stock: | | | | |
| Convertible preferred stock issuance costs | (4,273,000) | — | (4,273,000) | — |
| Dividend on convertible preferred stock | (2,061,000) | (1,737,000) | (3,884,000) | (3,447,000) |
| Net loss attributable to common stockholders | <u>\$ (30,532,000)</u> | <u>(6,542,000)</u> | <u>\$ (33,792,000)</u> | <u>(19,348,000)</u> |
| Net loss per common share: | | | | |
| Basic | <u>\$ (1.07)</u> | <u>(0.23)</u> | <u>\$ (1.18)</u> | <u>(0.69)</u> |
| Diluted | <u>\$ (1.07)</u> | <u>(0.23)</u> | <u>\$ (1.18)</u> | <u>(0.69)</u> |
| Weighted average number of common shares outstanding – basic | <u>28,662,000</u> | <u>27,954,000</u> | <u>28,704,000</u> | <u>27,892,000</u> |
| Weighted average number of common and common equivalent shares outstanding – diluted | <u>28,662,000</u> | <u>27,954,000</u> | <u>28,704,000</u> | <u>27,892,000</u> |

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Consolidated Balance Sheets (Unaudited)

| | January 31, 2024 | July 31, 2023 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 39,956,000 | 18,961,000 |
| Accounts receivable, net | 198,548,000 | 163,159,000 |
| Inventories, net | 85,788,000 | 105,845,000 |
| Prepaid expenses and other current assets | 18,953,000 | 17,521,000 |
| Total current assets | 343,245,000 | 305,486,000 |
| Property, plant and equipment, net | 51,999,000 | 53,029,000 |
| Operating lease right-of-use assets, net | 35,498,000 | 44,410,000 |
| Goodwill | 333,105,000 | 347,692,000 |
| Intangibles with finite lives, net | 215,330,000 | 225,907,000 |
| Deferred financing costs, net | 2,742,000 | 2,349,000 |
| Other assets, net | 14,836,000 | 17,364,000 |
| Total assets | \$ 996,755,000 | 996,237,000 |
| Liabilities, Convertible Preferred Stock and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 42,528,000 | 64,241,000 |
| Accrued expenses and other current liabilities | 59,688,000 | 66,990,000 |
| Current portion of long-term debt | 168,089,000 | 4,375,000 |
| Operating lease liabilities, current | 8,156,000 | 8,645,000 |
| Contract liabilities | 65,770,000 | 66,351,000 |
| Interest payable | 1,317,000 | 1,368,000 |
| Income taxes payable, current | 1,710,000 | — |
| Total current liabilities | 347,258,000 | 211,970,000 |
| Non-current portion of long-term debt | — | 160,029,000 |
| Operating lease liabilities, non-current | 33,059,000 | 41,763,000 |
| Income taxes payable, non-current | 2,879,000 | 2,208,000 |
| Deferred tax liability, net | 10,658,000 | 9,494,000 |
| Long-term contract liabilities | 21,151,000 | 18,419,000 |
| Other liabilities | 8,296,000 | 1,844,000 |
| Total liabilities | 423,301,000 | 445,727,000 |
| Commitments and contingencies | | |
| Convertible preferred stock, par value \$0.10 per share; authorized and issued 166,121 shares at January 31, 2024 (includes accrued dividends of \$374,000) and authorized 125,000 shares; issued 100,000 at July 31, 2023 (includes accrued dividends of \$604,000) | 166,495,000 | 112,211,000 |
| Stockholders' equity: | | |
| Preferred stock, par value \$0.10 per share; authorized and unissued 1,833,879 and 1,875,000 shares at January 31, 2024 and July 31, 2023, respectively | — | — |
| Common stock, par value \$0.10 per share; authorized 100,000,000 shares; issued 43,506,289 and 43,096,271 shares at January 31, 2024 and July 31, 2023, respectively | 4,351,000 | 4,310,000 |
| Additional paid-in capital | 639,300,000 | 636,925,000 |
| Retained earnings | 205,157,000 | 238,913,000 |
| | 848,808,000 | 880,148,000 |
| Less: | | |
| Treasury stock, at cost (15,033,317 shares at January 31, 2024 and July 31, 2023) | (441,849,000) | (441,849,000) |
| Total stockholders' equity | 406,959,000 | 438,299,000 |
| Total liabilities, convertible preferred stock and stockholders' equity | \$ 996,755,000 | 996,237,000 |

Use of Non-GAAP Financial Measures

To provide investors with additional information regarding our financial results, this shareholder letter contains "Non-GAAP financial measures" under the rules of the SEC. Our Adjusted EBITDA is a Non-GAAP measure that represents earnings (loss) before interest, income taxes, depreciation expense, amortization of intangibles, amortization of stock-based compensation, amortization of cost to fulfill assets, restructuring costs, strategic emerging technology costs (for next-generation satellite technology) and, in the past, change in fair value of the Series A convertible preferred stock purchase option liability, write-off of deferred financing costs, acquisition plan expenses, COVID-19 related costs, facility exit costs, CEO transition costs, proxy solicitation costs and strategic alternatives analysis expenses and other. Our definition of Adjusted EBITDA is different than the Consolidated EBITDA (as such term is defined in our 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 is also a measure frequently requested by our investors and analysts. We believe that investors and analysts may use Adjusted EBITDA, 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 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. We have not quantitatively reconciled our fiscal 2024 Adjusted EBITDA outlook to the most directly comparable GAAP measure because 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. 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 are not available without unreasonable effort and such unavailable reconciling items could significantly impact our financial results.

| | Three months ended January 31, | | Six months ended January 31, | | Fiscal Year |
|------------------------------------------------------------|--------------------------------|----------------------|------------------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2023 |
| Reconciliation of GAAP Net Loss to Adjusted EBITDA: | | | | | |
| Net loss | \$ (10,558,000) | \$ (4,805,000) | \$ (11,995,000) | \$ (15,901,000) | \$ (26,899,000) |
| Provision for (benefit from) income taxes | 7,364,000 | (222,000) | 6,020,000 | (830,000) | (3,948,000) |
| Interest expense | 5,265,000 | 3,791,000 | 10,197,000 | 6,026,000 | 14,961,000 |
| Interest (income) and other | 902,000 | 455,000 | 837,000 | 200,000 | 1,226,000 |
| Amortization of stock-based compensation | 2,189,000 | 1,268,000 | 4,834,000 | 2,172,000 | 10,107,000 |
| Amortization of intangibles | 5,288,000 | 5,349,000 | 10,577,000 | 10,698,000 | 21,396,000 |
| Depreciation | 2,930,000 | 2,967,000 | 5,952,000 | 5,765,000 | 11,922,000 |
| Amortization of cost to fulfill assets | 240,000 | 240,000 | 480,000 | 480,000 | 959,000 |
| Restructuring costs | 2,726,000 | 1,543,000 | 6,442,000 | 2,868,000 | 10,852,000 |
| Strategic emerging technology costs | 978,000 | 738,000 | 2,348,000 | 1,484,000 | 3,833,000 |
| Gain on business divestiture, net | (2,213,000) | — | (2,213,000) | — | — |
| CEO transition costs | — | — | — | 9,090,000 | 9,090,000 |
| Adjusted EBITDA | <u>\$ 15,111,000</u> | <u>\$ 11,324,000</u> | <u>\$ 33,479,000</u> | <u>\$ 22,052,000</u> | <u>\$ 53,499,000</u> |

Reconciliations of our GAAP consolidated operating income (loss), net loss attributable to common stockholders and net loss per diluted common share to the corresponding Non-GAAP measures are shown in the tables below. Non-GAAP net (loss) income attributable to common stockholders and Non-GAAP net (loss) income per diluted common share reflect Non-GAAP provisions for 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.

| | January 31, 2024 | | | | | |
|------------------------------------------------------------------------|-------------------------|-------------------------------------------------------|---------------------------------------------|-------------------------|-------------------------------------------------------|---------------------------------------------|
| | Three months ended | | | Six months ended | | |
| | Operating Income | Net Loss Attributable to Common Stockholders | Net Loss per Diluted Common Share* | Operating Income | Net (Loss) Income Attributable to Common Stockholders | Net (Loss) Income per Diluted Common Share* |
| Reconciliation of GAAP to Non-GAAP Earnings: | | | | | | |
| GAAP measures, as reported | \$ 2,973,000 | \$ (30,532,000) | \$ (1.07) | \$ 5,059,000 | \$ (33,792,000) | \$ (1.18) |
| Loss on extinguishment of convertible preferred stock | — | 13,640,000 | 0.48 | — | 13,640,000 | 0.48 |
| Adjustments to reflect redemption value of convertible preferred stock | — | 6,334,000 | 0.22 | — | 8,157,000 | 0.29 |
| Amortization of intangibles | 5,288,000 | 4,097,000 | 0.14 | 10,577,000 | 8,194,000 | 0.28 |
| Restructuring costs | 2,726,000 | 2,092,000 | 0.07 | 6,442,000 | 4,953,000 | 0.17 |
| Amortization of stock-based compensation | 2,189,000 | 1,705,000 | 0.06 | 4,834,000 | 3,760,000 | 0.13 |
| Strategic emerging technology costs | 978,000 | 753,000 | 0.03 | 2,348,000 | 1,808,000 | 0.06 |
| Amortization of cost to fulfill assets | 240,000 | 240,000 | 0.01 | 480,000 | 480,000 | 0.02 |
| Gain on sale of business divestiture, net | (2,213,000) | (2,870,000) | (0.10) | (2,213,000) | (1,447,000) | (0.05) |
| Net discrete tax expense | — | 371,000 | 0.01 | — | 996,000 | 0.03 |
| Non-GAAP measures | <u>\$12,181,000</u> | <u>\$ (4,170,000)</u> | <u>\$ (0.15)</u> | <u>\$27,527,000</u> | <u>\$ 6,749,000</u> | <u>\$ 0.23</u> |
| | January 31, 2023 | | | | | |
| | Three months ended | | | Six months ended | | |
| | Operating (Loss) Income | Net (Loss) Income Attributable to Common Stockholders | Net (Loss) Income per Diluted Common Share* | Operating (Loss) Income | Net (Loss) Income Attributable to Common Stockholders | Net (Loss) Income per Diluted Common Share* |
| Reconciliation of GAAP to Non-GAAP Earnings: | | | | | | |
| GAAP measures, as reported | \$ (781,000) | \$ (6,542,000) | \$ (0.23) | \$ (10,505,000) | \$ (19,348,000) | \$ (0.69) |
| Adjustments to reflect redemption value of convertible preferred stock | — | 1,737,000 | 0.06 | — | 3,447,000 | 0.12 |
| Amortization of intangibles | 5,349,000 | 4,147,000 | 0.15 | 10,698,000 | 8,294,000 | 0.30 |
| Restructuring costs | 1,543,000 | 1,188,000 | 0.04 | 2,868,000 | 2,208,000 | 0.08 |
| Amortization of stock-based compensation | 1,268,000 | 975,000 | 0.03 | 2,172,000 | 1,694,000 | 0.06 |
| Strategic emerging technology costs | 738,000 | 654,000 | 0.02 | 1,484,000 | 1,273,000 | 0.05 |
| Amortization of cost to fulfill assets | 240,000 | 240,000 | 0.01 | 480,000 | 480,000 | 0.02 |
| CEO transition costs | — | — | — | 9,090,000 | 8,580,000 | 0.31 |
| Net discrete tax expense | — | 122,000 | — | — | 521,000 | 0.02 |
| Non-GAAP measures | <u>\$ 8,357,000</u> | <u>\$ 2,521,000</u> | <u>\$ 0.09</u> | <u>\$16,287,000</u> | <u>\$ 7,149,000</u> | <u>\$ 0.25</u> |

| | Fiscal Year 2023 | | |
|------------------------------------------------------------------------|-------------------------------|-------------------------------------------------------------------|------------------------------------------------------------|
| | Operating (Loss) Income | Net (Loss) Income Attributable to Common Stockholders | Net (Loss) Income per Diluted Common Share* |
| Reconciliation of GAAP to Non-GAAP Earnings: | | | |
| GAAP measures, as reported | \$ (14,660,000) | \$ (33,906,000) | \$ (1.21) |
| Adjustments to reflect redemption value of convertible preferred stock | — | 7,007,000 | 0.25 |
| Amortization of intangibles | 21,396,000 | 16,557,000 | 0.59 |
| Restructuring costs | 10,852,000 | 8,336,000 | 0.30 |
| Amortization of stock-based compensation | 10,107,000 | 7,863,000 | 0.28 |
| CEO transition costs | 9,090,000 | 8,580,000 | 0.31 |
| Strategic emerging technology costs | 3,833,000 | 3,358,000 | 0.12 |
| Amortization of cost to fulfill assets | 959,000 | 959,000 | 0.03 |
| Net discrete tax benefit | — | (284,000) | (0.01) |
| Non-GAAP measures | <u>\$ 41,577,000</u> | <u>\$ 18,470,000</u> | <u>\$ 0.65</u> |

* Per share amounts may not foot due to rounding. In addition, due to the GAAP net loss for the period, Non-GAAP EPS for the six months ended January 31, 2024 was computed using weighted average diluted shares outstanding of 28,958,000; for the three and six months ended January 31, 2023 was computed using weighted average diluted shares outstanding of 28,361,000 and 28,262,000, respectively; and for Fiscal 2023 was computed using weighted average diluted shares outstanding of 28,376,000.

ECMTL

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