



FOR IMMEDIATE RELEASE

ORBIT INTERNATIONAL CORP. REPORTS 2022 YEAR END RESULTS

COMMENCES PROCESS TOWARD REINSTATEMENT ONTO OTC PINK MARKET

2022 Net Income of \$481,000 (\$0.14 per diluted share) v. Net Income of \$3,246,000 (\$0.93 per diluted share) in Prior Year Period. Prior Period Includes \$1,618,000 (\$0.47 per diluted share) of PPP Loan Forgiveness. Exclusive of PPP Loan Forgiveness, Prior Period Net Income was \$1,628,000 (\$0.47 per diluted share)

2022 EBITDA, As Adjusted, was \$412,000 (\$0.12 per diluted share) v. \$3,499,000 (\$1.01 per diluted share) in Prior Year Period. Exclusive of PPP Loan Forgiveness, Prior Period EBITDA, As Adjusted was \$1,881,000 (\$0.54 per diluted share)

Fourth Quarter 2022 Net Income of \$730,000 (\$0.22 per diluted share) v. Net Income of \$204,000 (\$0.06 per diluted share) in Prior Year Period.

Fourth Quarter 2022 EBITDA, As Adjusted, was \$475,000 (\$0.14 per diluted share) v. \$244,000 (\$0.07 per diluted share) in Prior Year Period

Backlog at December 31, 2022 was \$19.4 million compared to \$17.8 million at December 31, 2021 (inclusive of the backlog of SPS)

Hauppauge, New York, March 13, 2024 - Orbit International Corp. (OTC Expert Market:ORBT) today announced results for the fourth quarter and the year ended December 31, 2022.

Results for the current quarterly and annual periods include the results of Simulator Product Solutions LLC ("SPS"). Prior year quarterly and annual periods do not include SPS' results.

Fourth Quarter 2022 vs. Fourth Quarter 2021

- Net sales were \$7,462,000, as compared to \$4,956,000.
- Gross margin was 37.0%, as compared to 39.9%.
- Net Income was \$730,000 (\$0.22 per diluted share), as compared to net income of \$204,000 (\$0.06 per diluted share).
- Earnings before interest, taxes, depreciation and amortization, fair value adjustment on contingent liabilities and other non-current liability, and stock-based compensation (EBITDA, as adjusted) was \$475,000 (\$0.14 per diluted share), as compared to \$244,000 (\$0.07 per diluted share).

Full Year 2022 vs. Full Year 2021

- Net sales were \$26,074,000, as compared to \$22,217,000.
- Gross margin was 33.8%, as compared to 36.8%.
- Net Income was \$481,000 (\$0.14 per diluted share), as compared to net income of \$3,246,000 (\$0.93 per diluted share). Net Income for the prior year period includes PPP loan forgiveness of \$1,618,000 (\$0.47 per diluted share). Exclusive of the PPP loan forgiveness, net income for the prior year was \$1,628,000 (\$0.47 per diluted share).

- Earnings before interest, taxes, depreciation and amortization, fair value adjustment on contingent liabilities and other non-current liability, and stock-based compensation (EBITDA, as adjusted) was \$412,000 (\$0.12 per diluted share), as compared to \$3,499,000 (\$1.01 per diluted share). Prior year EBITDA, as adjusted, includes \$1,618,000 (\$0.47 per diluted share) of PPP loan forgiveness. Exclusive of the PPP loan forgiveness, EBITDA, as adjusted, was \$1,881,000 (\$0.54 per diluted share).
- Backlog at December 31, 2022 was \$19.4 million compared to \$16.6 million at September 30, 2022 and \$17.8 million at December 31, 2021 (inclusive of the backlog of SPS).

EBITDA, as adjusted, table which accounts for non-recurring charges during the current and prior year quarterly and annual periods:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
EBITDA, as adjusted	\$ 475,000	\$ 244,000	\$ 412,000	\$ 3,499,000
Acquisition costs	-	259,000	98,000	363,000
Charge to Cost of Sales under Fair Value Accounting	(149,000)	-	34,000	-
PPP Loan forgiveness	-	-	-	(1,618,000)
Total	\$ 326,000	\$ 503,000	\$ 544,000	\$ 2,244,000
Per diluted share	\$ 0.10	\$ 0.15	\$ 0.16	\$ 0.65

Mitchell Binder, President and CEO of Orbit International Corp. commented, “The completion of our audit for the year ended December 31, 2022, was delayed as additional time was needed by the Company to complete the purchase price allocation of the net assets acquired and corresponding ending inventory of our recently acquired SPS subsidiary. As a result, our financial statement audit and the filing of our 2022 Annual Report with the OTC Market was also delayed. On May 16, 2023, our stock was moved from the OTC Pink Market to the OTC Expert Market, an illiquid market. Our audit is now complete, and we have also recently filed our 2022 Annual Report on March 11, 2024 with the OTC Market. Consequently, we are moving toward reinstatement onto the OTC Pink Market.”

Binder added, “Our net income for the year ended December 31, 2022, was \$481,000 compared to \$3,246,000 for the prior comparable period. Included in our current year-end results is the adverse effect of both \$98,000 of one-time costs related to the acquisition of our newly acquired SPS and a \$34,000 charge to SPS’ cost of sales due to the increase recorded to its work-in-process and finished goods acquired beginning inventory under Fair Value Accounting (“FVA”). Included in our prior year results is \$1,618,000 representing the forgiveness of our loan, including accrued interest, under the Paycheck Protection Program (“PPP”) and \$363,000 of acquisition costs related to the acquisition of SPS. Exclusive of the one-time acquisition costs and the charge to cost of sales under FVA and the PPP loan forgiveness, our net income for the year ended December 31, 2022, was \$613,000 (\$0.18 per diluted share) compared to \$1,991,000 (\$0.57 per diluted share) in the comparable period of the prior year. EBITDA, as adjusted, for the year ended

December 31, 2022, exclusive of the one-time acquisition costs and charge to cost of sales under FVA, was \$544,000 (\$0.16 per diluted share). The decrease in our annual operating results was primarily due to lower revenue from our legacy businesses and higher than expected labor and selling, general and administrative costs at SPS as we added resources during the year to support projected increases in bookings and sales at SPS for 2023.”

Mr. Binder added, “Our sales for the year ended December 31, 2022, increased to \$26,074,000 compared to \$22,217,000 from the prior comparable period. This increase in sales was attributable to sales from SPS, which is part of our Orbit Electronics Group (“OEG”) and accounted for \$6,152,000 in sales during the current year. The increase in sales during the year ended December 31, 2022, was partially offset by a \$2,295,000 decrease in sales from our legacy businesses. Our sales for the three months ended December 31, 2022, were \$7,462,000, compared to sales of \$4,956,000 from the prior comparable period due to the inclusion of sales from SPS in the current period and an increase in sales from the remainder of our OEG (exclusive of SPS).”

Mr. Binder further added, “Our gross margin for the year ended December 31, 2022, exclusive of adjustments to SPS’ work in process and finished goods under FVA, decreased to 33.9% compared to 36.8% in the prior comparable period. This decrease in gross margin during the year ended December 31, 2022, was primarily attributable to the lower gross margin incurred by SPS in comparison to our legacy businesses. However, both our OEG (exclusive of SPS) and our OPG also had slightly lower gross margins from the prior comparable period due to a decrease in sales.”

Mr. Binder added, “Selling, general and administrative expenses for the year ended December 31, 2022 increased from the prior year comparable period, primarily due to the addition of expenses from SPS and slightly higher corporate costs. Selling expenses at SPS included the hiring during the second quarter of two highly experienced sales personnel who have begun to make a material impact on bookings for SPS. In addition to increased SPS and corporate costs, selling, general and administrative expenses increased due to higher selling expenses and wage inflation.”

Mr. Binder continued, “Backlog at December 31, 2022, was approximately \$19,400,000 compared to approximately \$17,800,000 at December 31, 2021, both inclusive of the backlog of SPS. The increase in backlog is reflective of the strong bookings we previously reported in the third and fourth quarters of 2022. In addition, the increase in backlog was due to a significant increase in our OPG backlog, which was partially offset by a very slight decrease to the backlog at our OEG. The slight reduction in backlog at our OEG was primarily due to a lower backlog at our Orbit/TDL divisions as well as our SPS subsidiary which was partially offset by a higher backlog at our Q-Vio subsidiary.”

David Goldman, Chief Financial Officer, noted, “At December 31, 2022, our cash and cash equivalents aggregated approximately \$4.2 million and our financial condition remained strong as evidenced by our 3.9 to 1 current ratio. Our book value per share at December 31, 2022 was \$5.96, which compares to \$5.75 at September 30, 2022 and \$5.88 at December 31, 2021. (Note: book value per share does not include any additional value for our remaining reserved deferred tax asset). To offset future federal and state taxes resulting from profits, we have approximately \$6.1 million and \$0.6 million in available federal and New York State net operating loss carryforwards, respectively.”

Mr. Binder added, “Because our revenues are tied to delivery schedules specified in our contracts, it is often difficult to judge our performance on a quarterly basis. Our operating results for 2022 began with very firm operating results for the first quarter, followed by weaker than expected second and third quarter results and

a relatively stronger operating performance in the fourth quarter. Our second and third quarter results were affected by reduced revenues from our legacy businesses and higher labor costs at SPS. This all resulted in operating performance for 2022 that was less than expected.

Mr. Binder concluded, “During the second quarter of 2021, based on our improved outlook for our business regarding the COVID-19 pandemic and stability of our financial condition, our Board of Directors authorized the Company to recommence our share repurchase program and in March 2022, our Board of Directors authorized the Company to recommence our quarterly dividend program. However, as a result of our stock being moved to the OTC Expert Market on May 16, 2023, our Board moved to suspend our repurchase program until the Company is reinstated onto the OTC Pink Market. Through May 15, 2023, we have purchased approximately 188,185 shares under the program.”

Orbit International Corp., through its Electronics Group, is involved in the development and manufacture of custom electronic device and subsystem solutions for military, industrial and commercial applications through its production facilities in Hauppauge, NY and Carson, CA. Orbit’s Power Group, also located in Hauppauge, NY, designs and manufactures a wide array of power products including AC power supplies, frequency converters, inverters, VME/VPX power supplies as well as various COTS power sources.

Certain matters discussed in this news release and oral statements made from time to time by representatives of the Company including, statements regarding our expectations of Orbit’s operating plans, deliveries under contracts and strategies generally; statements regarding our expectations of the performance of our business; expectations regarding costs and revenues, future operating results, additional orders, future business opportunities and continued growth, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. Although Orbit believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved.

Forward-looking information is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Many of these factors are beyond Orbit International's ability to control or predict. Important factors that may cause actual results to differ materially and that could impact Orbit International and the statements contained in this news release can be found in Orbit's reports posted with the OTC Disclosure and News service. For forward-looking statements in this news release, Orbit claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Orbit assumes no obligation to update or supplement any forward-looking statements whether as a result of new information, future events or otherwise.

CONTACT

David Goldman
Chief Financial Officer
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(See Accompanying Tables)

Orbit International Corp.
Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net sales	\$ 7,462	\$ 4,956	\$ 26,074	\$ 22,217
Cost of sales	4,703	2,978	17,268	14,036
Gross profit	2,759	1,978	8,806	8,181
Selling general and administrative Expenses	2,406	1,520	8,788	6,122
Acquisition costs	-	259	98	363
PPP loan forgiveness	-	-	-	(1,618)
Interest expense	1	-	1	-
Other (income) expense, net	(385)	(19)	(598)	5
Income before income taxes	737	218	517	3,309
Income tax provision	7	14	36	63
Net income	\$ 730	\$ 204	\$ 481	\$ 3,246
Basic earnings per share	\$ 0.22	\$ 0.06	\$ 0.14	\$ 0.93
Diluted earnings per share	\$ 0.22	\$ 0.06	\$ 0.14	\$ 0.93
Weighted average number of shares outstanding:				
Basic	3,364	3,447	3,418	3,478
Diluted	3,367	3,447	3,421	3,478

Orbit International Corp.
Consolidated Statements of Operations
(in` thousands, except per share data)
(unaudited)

	Three Months Ended December 31,		Year Ended December 30,	
	2022	2021	2022	2021
<u>EBITDA (as adjusted) Reconciliation</u>				
Net income	\$ 730	\$ 204	\$ 481	\$ 3,246
Income tax expense	7	14	36	63
Depreciation and amortization	101	26	413	107
Interest expense	1	-	1	-
Fair value adj-contingent liabilities & other non-current liability	(366)	(21)	(561)	6
Stock-based compensation	2	21	42	77
EBITDA (as adjusted) ⁽¹⁾	\$ 475	\$ 244	\$ 412	\$ 3,499
<u>EBITDA (as adjusted) Per Diluted Share Reconciliation</u>				
Net income	\$ 0.22	\$ 0.06	\$ 0.14	\$ 0.93
Income tax expense	0.00	0.00	0.01	0.02
Depreciation and amortization	0.03	0.01	0.12	0.03
Interest Expense	0.00	-	0.00	-
Fair value adj-contingent liabilities & other non-current liability	(0.11)	(0.01)	(0.16)	0.00
Stock-based compensation	0.00	0.01	0.01	0.03
EBITDA (as adjusted), per diluted share ⁽¹⁾	\$ 0.14	\$ 0.07	\$ 0.12	\$ 1.01

(1) The EBITDA (as adjusted) tables presented are not determined in accordance with accounting principles generally accepted in the United States of America. Management uses EBITDA (as adjusted) to evaluate the operating performance of its business. It is also used, at times, by some investors, securities analysts and others to evaluate companies and make informed business decisions. EBITDA (as adjusted) is also a useful indicator of the income generated to service debt. EBITDA (as adjusted) is not a complete measure of an entity's profitability because it does not include costs and expenses for interest, depreciation and amortization, income taxes, fair value adj.-contingent liabilities and other non-current liability and stock-based compensation. EBITDA (as adjusted) as presented herein may not be comparable to similarly named measures reported by other companies.

	Year Ended December 31,	
	2022	2021
<u>Reconciliation of EBITDA, as adjusted, to cash flows (used in) provided by operating activities ⁽¹⁾</u>		
EBITDA (as adjusted)	\$ 412	\$ 3,499
Income tax expense	(36)	(63)
Interest expense	(1)	-
Fair value adj-contingent liabilities and other non-current liability	561	(6)
Stock-based compensation	36	(77)
Gain on forgiveness of PPP loan	-	(1,618)
Net change in operating assets and liabilities	(722)	644
Cash flows provided by operating activities	\$ 250	\$ 2,379

Orbit International Corp.
Consolidated Balance Sheets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,215,000	\$ 9,215,000
Accounts receivable, less allowance for doubtful accounts	3,819,000	2,438,000
Inventories	9,618,000	8,540,000
Contract assets	436,000	648,000
Other current assets	655,000	416,000
	<hr/>	<hr/>
Total current assets	18,743,000	21,257,000
Property and equipment	770,000	265,000
Right of use assets, operating leases	2,633,000	3,013,000
Goodwill	3,515,000	901,000
Intangible assets, net	2,806,000	-
Deferred tax asset	545,000	545,000
Other assets	44,000	30,000
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Total assets	<u>\$ 29,056,000</u>	<u>\$ 26,011,000</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,041,000	\$ 504,000
Accrued expenses	1,081,000	1,014,000
Dividend payable	34,000	-
Note payable	14,000	-
Lease liabilities, operating leases	533,000	473,000
Contingent liabilities	356,000	96,000
Other current liability	807,000	-
Customer advances	990,000	866,000
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Total current liabilities	4,856,000	2,953,000
Note payable, net of current portion	14,000	-
Other non-current liability	1,309,000	-
Contingent liabilities, net of current portion	689,000	208,000
Lease liabilities, operating leases	2,168,000	2,596,000
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Total liabilities	9,036,000	5,757,000
Stockholders' Equity		
Common stock	352,000	351,000
Additional paid-in capital	17,186,000	17,109,000
Treasury stock	(1,040,000)	(384,000)
Retained earnings	3,522,000	3,178,000
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Stockholders' equity	20,020,000	20,254,000
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Total liabilities and stockholders' equity	<u>\$ 29,056,000</u>	<u>\$ 26,011,000</u>