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Research Note

IEH Corporation – Increasing Target Price on $6.5M in New Orders

Rating	Target Price
BUY	**$38.00**
Unchanged	*Prev. $34.00*

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Disseminated on Behalf of IEH Corp.

All figures in USD unless otherwise stated

IEH Corporation	**IEHC:OTCQX**
Rating	BUY
Target Price	$38.00
Return to Target	19%

Market Data	
Share Price	$32.00
Average Daily OTCQX Volume (K)	4.4
FD ITM Shares (M)	2.7
Market Cap ($M)	$84.9
Cash & Marketable Securities ($M)	$9.4
Debt ($M)	$2.1
Enterprise Value ($M)	$77.7

FYE Mar 31	**FY26A**	**FY27E**	**FY28E**
Revenue ($M)	$29.4	$38.4	$47.1
Gross Margin (%)	19%	29%	31%
Adj. EBITDA ($M)	($0.9)	$2.9	$5.8
Adj. EBITDA Margin (%)	(3%)	7%	12%
Net Income ($M)	($1.3)	$1.8	$3.9
EPS (Basic)	($0.53)	$0.71	$1.59
FCFF ($M)	($1.6)	$1.1	$2.5

Valuation	**FY26A**	**FY27E**	**FY28E**
EV/EBITDA	N/A	27.0x	13.4x
P/E	N/A	48.2x	21.5x
EV/Sales	2.6x	2.0x	1.6x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents

For 85 years and four 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. The Company was founded in 1941 and is headquartered in Brooklyn, New York.

What you need to know:

- IEHC announced $6.5M in orders supporting the APKWS program. This brings its backlog to $45M, nearly tripling YoY.
- Last month, IEHC reported Q1 financials that largely beat our estimates including revenue of $10.0M (+59% YoY) and EBITDA of $0.9M (9% margin) compared to negative levels in Q1/26.
- We have increased our expectations for revenue and other financial metrics starting in Q4 and have paired this with a slight increase to our target multiple, resulting in our increased $38.00/share target price.

This morning, IEH Corporation (IEHC:OTCQX) announced that it has received $6.5M in new orders over the last two weeks in support of the APKWS program. This takes the backlog to over $45M, nearly tripling YoY. IEH has been executing on its growth strategy tremendously well, as this follows the blowout earnings it posted last month. We are increasing our estimates in our model as well as increasing our target multiple on FY28E EBITDA. **We are maintaining our BUY rating and increasing our target price to $38.00/share (previously $34.00/share) on IEHC.**

As a reminder, APKWS (Advanced Precision Kill Weapon System) is a U.S. military program that converts standard unguided 2.75-inch rockets into laser-guided precision munitions. It was originally developed as a low-collateral-damage air-to-ground weapon, but has been adapted for air-to-air use against drones and other aerial threats. IEH has been a critical supplier for this program since its inception. In August 2025, the U.S. Navy awarded BAE Systems a five year $1.7B contract for up to 55,000 units, equating to ~11,000 per year compared to the historical ~8,300 per year (+33%).

Management described the demand for its high-performance hyperboloid connectors as "extraordinary", given all of the tailwinds in its end markets currently. The Company plans to increase capacity and ramp up production to meet the strong demand. We have made some slight adjustments to our model starting in Q4, increasing our expectations (see Figure 6). As such, in FY28 we are now expecting revenue of $47.1M (+23% YoY), EBITDA of $5.8M, and EPS of $1.59.

Q1 Financials Recap

Last month, IEHC reported Q1 financial results that largely surpassed our expectations. Read our note here. The stock rallied strongly on the back of this, being up 32% in the last month and 131% in the last six months. Highlights from the release include:

- Q1/27 revenue was $10.0M (+59% YoY), beating our $7.8M estimate. This came on the back of a 116% YoY increase in defense revenue.
- Backlog was reported at $38.6M (+196% YoY, +39% QoQ); now higher.
- Gross margin of 33%, vs. our 22% estimate and significantly improving over 21% in Q4. This reflects aggressive pricing increases and decreasing gold prices. This represented IEHC's highest quarterly gross margin in five years.
- EBITDA for the quarter was $0.9M (9% margin) vs. our $0.2M, showcasing that IEHC can get back to its historical profitability levels over the coming years. Adjusted EBITDA was $1.4M (14% margin), adding back $0.5M in SBC.
- Q1/27 net income was $0.7M or $0.26 per basic share, largely beating our ($0.0M) estimate.
- IEHC ended the year with $9.4M in cash and $2.1M in debt.

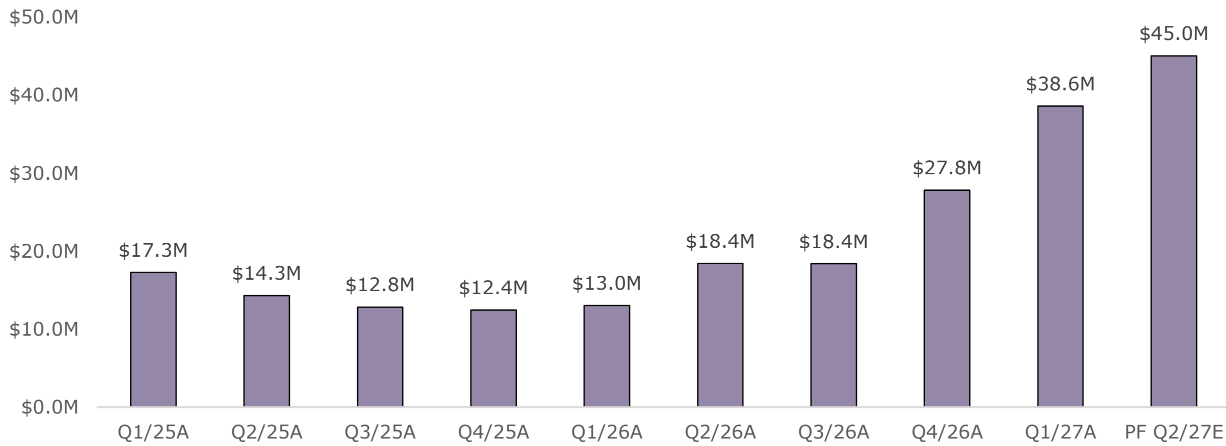

Figure 1: Quarterly Backlog

Valuation

Our analysis shows that precision component and defense companies are currently trading at 15.6x FY28E EBITDA compared to IEHC at 13.4x. The peer group is expected to grow revenue at an 18% CAGR, which IEHC should be able to easily outpace given the backlog visibility. The question is regarding how high margins can go, with IEHC reporting 28% EBITDA margins in FY19 and 20% in FY18. Our model takes a conservative stance at 12% for next year, but if we were to assume these previous record levels, the stock is suddenly highly undervalued again. We previously valued IEHC on 15.0x FY28E EBITDA, but given today's announcement and what we believe to be in the pipeline for growth, we are increasing this to 16.0x. This combines with our higher FY28E EBITDA projection to arrive at our new $38.00/share target price.

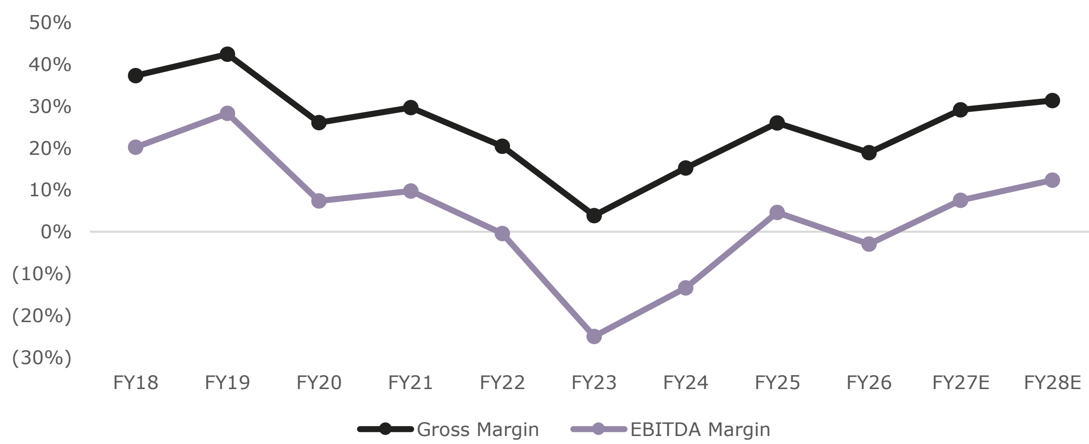

Figure 2: Historical Margins

EBITDA Multiple Valuation	
FY28E EBITDA	$5.8
EV/EBITDA Multiple	16.0x
Enterprise Value	$92.6
(+) Cash	$9.4
(-) Debt	$2.1
Equity Value	$99.8
Target Price (Rounded)	**$38.00**
Upside	*19%*

Figure 3: Valuation Summary

Industry Tailwinds

Since the war with Iran began, the U.S. has expended close to 80% of its THAAD interceptors and roughly half of its Patriots, with commanders describing the stockpile as "dangerously low" and the response has been a series of production commitments rather than one-off orders: a seven-year, up-to-$35B award to quadruple THAAD output from 96 to 400 interceptors annually, and a $58.6B multiyear for PAC-3 MSE that triples capacity by the end of 2030. The Munitions Acceleration Council (MAC), stood up in FY26 to expand production and magazine depth across a defined list of critical munitions, is the mechanism translating that intent into appropriated dollars. The FY27 request puts $52.9B behind 14 of them, against $10.8B enacted in FY26.

Three are programs of which IEHC has disclosed order flow: PAC-3 MSE ($13,960M), THAAD ($11,435M), and AMRAAM ($2,865M), together $28.3B, or 53% of the entire MAC request, with the two largest lines in the table both being IEHC programs. For IEHC, we look at the number of units rather than dollars, with those three programs going from 876 units in FY26 to 5,871 in the FY27 request, a 6.7x increase, versus 3.7x for the MAC list as a whole.

Weapon Systems	FY25		FY26		FY27	
	Actual Qty	Actuals	Qty	Enacted	Qty	Request
PAC-3 Missile Segment Enhancement (MSE)	**194**	**$905**	**357**	**$1,646**	**3,203**	**$13,960**
Standard Missile (SM) SM-6	102	$779	166	$1,410	540	$4,332
Terminal High Altitude Area Defense (THAAD)	**62**	**$955**	**55**	**$823**	**857**	**$11,435**
SM-3 IIA	12	$406	12	$510	136	$4,219
Tomahawk (TLAM & MST)	38	$593	55	$1,036	785	$5,804
Long Range Anti-Ship Missile (LRASM)	336	$1,162	314	$1,413	333	$1,644
Joint Air-to-Surface Standoff Missile (JASSM)	577	$970	381	$818	821	$1,997
Advanced Medium Range Air-to-Air Missile (AMRAAM)	**566**	**$791**	**464**	**$751**	**1,811**	**$2,865**
SM-3 IB	29	$695	42	$825	78	$1,246
Precision Strike Missile (PrSM)	338	$491	108	$547	1,134	$1,934
Family of Affordable Mass Missiles (FAMM)	-	-	1,000	$335	1,000	$355
Low-Cost Hypersonic Strike	-	-	-	$44	353	$156
JATM	-	-	-	$670	-	$2,938
Low Cost Cruise Missile, Ground-Launched	-	-	-	-	-	-
Total	**2,254**	**$7,747**	**2,954**	**$10,828**	**11,051**	**$52,885**

Figure 4: FY27 Procurement Funding for MAC Munitions (Source: Department of War)

Why We Like IEHC

- IEHC operates in a niche, high-barrier duopoly for hyperboloid connectors alongside Molex, supporting durable pricing power and limited competition.

  The Company’s record $45M backlog (more than doubling YoY) reflects a sustained 3-6+ year demand cycle driven by global missile/defense missile production ramp-ups.
- IEHC is leveraged to long-term growth across defense, commercial aerospace, and space, all of which we believe are in secular bull markets. The Company also looks to diversify its business into the medical devices segment and utilize M&A.
- The Company has seen margin compression over recent years due to the rising gold price; however, the Company is now implementing pricing increases and has reached profitability again.
- IEHC trades at a discount to peers and precedent transactions, offering re-rating potential as growth and margin expansion materialize.

Catalysts

- Quarterly Financial Results & Backlog Announcements – Ongoing
- Acquisitions & Strategic Partnerships – Ongoing

Tear Sheet

Market Data	
Ticker	IEHC:OTCQX
Stock Price	$32.00
Rating	BUY
Target Price	$38.00
Upside	19%
Market Cap ($M)	$84.9
Cash ($M)	$9.4
Debt ($M)	$2.1
EV ($M)	$77.7

Capital Structure	
Basic Shares Outstanding (M)	2.5
Warrants (M)	0.0
Options (M)	0.4
FD Shares (M)	2.8
FD ITM Shares (M)	2.7
Ownership	
Offerman Family	46%
Other Management & Board	4%
Institutions	14%
Retail	36%

Financial Estimates	FY25A	Q1/26A	Q2/26A	Q3/26A	Q4/26A	FY26A	Q1/27A	Q2/27E	Q3/27E	Q4/27E	FY27E	FY28E
Revenue ($M)	**28.8**	**6.3**	**7.1**	**7.5**	**8.5**	**29.4**	**10.0**	**9.9**	**9.4**	**9.1**	**38.4**	**47.1**
% YoY	*34%*	*-11%*	*-4%*	*4%*	*20%*	*2%*	*59%*	*39%*	*26%*	*6%*	*31%*	*23%*
Gross Profit ($M)	**7.5**	**1.1**	**1.6**	**1.0**	**1.8**	**5.6**	**3.3**	**2.8**	**2.6**	**2.5**	**11.2**	**14.7**
Gross Margin	*26%*	*18%*	*23%*	*14%*	*21%*	*19%*	*33%*	*28%*	*28%*	*27%*	*29%*	*31%*
EBITDA ($M)	**1.3**	**(0.6)**	**0.1**	**(0.5)**	**0.2**	**(0.9)**	**0.9**	**0.8**	**0.8**	**0.5**	**2.9**	**5.8**
EBITDA Margin	*5%*	*(9%)*	*1%*	*(7%)*	*2%*	*(3%)*	*9%*	*8%*	*8%*	*5%*	*7%*	*12%*
Net Income ($M)	1.0	(0.7)	(0.0)	(0.7)	0.0	(1.3)	0.7	0.5	0.4	0.2	1.8	3.9
EPS (Basic)	0.42	(0.27)	(0.01)	(0.27)	0.02	(0.53)	0.26	0.19	0.18	0.08	0.71	1.59
FCFF ($M)	4.4	(0.4)	(1.0)	(0.5)	0.3	(1.6)	(0.3)	(1.9)	2.1	1.3	1.1	2.5

Figure 5: Tear Sheet

Estimate Revisions

	Q2/27E		Q3/27E		FY27E		FY28E	
	New	Previous	New	Previous	New	Previous	New	Previous
Revenue ($M)	**$9.9**	$9.9	**$9.4**	$9.4	**$38.4**	$38.1	**$47.1**	$46.1
Gross Margin (%)	**28.0%**	28.0%	**28.0%**	28.0%	**29.1%**	29.1%	**31.3%**	31.0%
EBITDA ($M)	**$0.8**	$0.8	**$0.8**	$0.8	**$2.9**	$2.9	**$5.8**	$5.5
Net Income ($M)	**$0.5**	$0.5	**$0.4**	$0.4	**$1.8**	$1.7	**$3.9**	$3.7

Figure 6: Estimate Revisions

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57

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