OTC Markets

Environmental Tectonics Corporation

125 James Way, Southampton, PA 18966

(215) 355-9100
www.etcusa.com
info@etcusa.com

Quarterly Report

For the period ending May 29, 2026 (the "Reporting Period")

Outstanding Shares
The number of shares outstanding of our Common Stock was:

9,578,567 as of May 29, 2026

9,578,567 as of February 27, 2026

Shell Status
Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control
Indicate by check mark whether a Change in Control[5] of the company has occurred during this reporting period:

Yes: ☐ No: ☒

[5] "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

Environmental Tectonics Corporation

Current State and Date of Incorporation or Registration: August 11, 1969 in Pennsylvania
Standing in this jurisdiction: (e.g. active, default, inactive): Current standing is active

Prior Incorporation Information for the issuer and any predecessors during the past five years:
N/A

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

N/A

List any company name change, stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

N/A

Address of the issuer's principal executive office:

125 James Way, Southampton, PA 18966

Address of the issuer's principal place of business:
X *Check if principal executive office and principal place of business are the same address:*

125 James Way, Southampton, PA 18966

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

N/A

2) Security Information

Transfer Agent

Name: Equiniti Trust Company LLC
Phone: 1-800-468-9716
Email: shareowneronline.com
Address: 55 Challenger Road, Ridgefield Park, NJ 07660

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	ETCC	
Exact title and class of securities outstanding:	Common Stock	
CUSIP:	294092	
Par or stated value:	$0.05	
Total shares authorized:	50,000,000	as of date: May 29, 2026
Total shares outstanding:	9,578,567	as of date: May 29, 2026
Total number of shareholders of record:	194	as of date: July 15, 2026

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

______

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	Preferred Stock, Series E	
Par or stated value:	Par value $0.05; Stated value $1,000	
Total shares authorized:	25,000	as of date: May 29, 2026
Total shares outstanding:	12,127	as of date: May 29, 2026
Total number of shareholders of record:	1	as of date: July 15, 2026

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

______

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

The Company has never declared any dividend on its common stock. Holders of the Company's common stock and holders of the Preferred Stock are entitled to vote on a common stock equivalent basis at the Annual Meeting.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

The Company has one class of cumulative convertible participating Preferred Stock currently outstanding, Series E (25,000 shares authorized). The Preferred Stock was authorized by the Board of Directors in April 2009. The Preferred Stock has a par value of $0.05 per share and a stated value of $1,000 per share. The Preferred Stock is currently entitled to receive cumulative dividends at the rate of four percent (4%) per year in preference to the holders of the Company's

Common Stock with respect to dividends. These dividends are payable only upon a Liquidation Event (as defined) or when otherwise declared by the Board of Directors. A Liquidation Event is deemed to include certain merger, corporate reorganization, sale of more than 50% of voting power, and disposition of substantially all assets transactions that are approved by the Board, unless the holders of a majority of the outstanding shares of the Preferred Stock elect to the contrary. The Company cannot declare or pay any dividends on its Common Stock until the dividends on the Preferred Stock have been paid. The Preferred Stock holders are entitled to receive any dividends paid with respect to the Common Stock on an "as-converted" bases. The Preferred Stock may be converted by the holder at any time and from time to time into the Company's Common Stock by dividing the stated value of the Preferred Stock plus the aggregate amount of the accrued and unpaid dividends on the Preferred Stock by the conversion price established at the time of issuance, as such conversion price has been subsequently adjusted. The Preferred Stock conversion price is subject to adjustment for certain transactions, including stock splits and certain issuances of equity securities below the conversion price. Upon a Liquidation Event, including a deemed Liquidation Event, the holders of the Preferred Stock would be entitled to receive, in preference to all Common Stock holders, the Liquidation Preference with respect to the shares of Preferred Stock. The Liquidation Preference is the Stated Value of a share of Preferred Stock plus any accrued and unpaid dividends thereon. Following payment of the Liquidation Preference to the holders of Preferred Stock, the Preferred Stock would also participate with the Common Stockholders on an as-converted basis in any distribution by the Corporation of remaining assets of the Company legally available for distribution.

As of February 27, 2026 Series E Preferred Stock was convertible at an exercise price of $1.98 per shares equating to 6,124,567 shares of Common Stock, assuming cash payment of all accrued dividends. All Series E Preferred Stock dividends accrued through February 22, 2013 have been paid in cash. Preferred Stock dividends accrued during the period of February 23, 2013 through May 29, 2026, which totaled $6,437,420 remained unpaid as of July 15, 2026.

3. Describe any other material rights of common or preferred stockholders.

None

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities ***in the past two completed fiscal years and any subsequent interim period****.*

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:
No: ☐ Yes: x (If yes, you must complete the table below)

Shares Outstanding Opening Balance: Date February 23, 2024 Common: 9,443,785 Preferred: 12,127			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	**Transaction type (e.g., new issuance, cancellation, shares returned to treasury)**	**Number of Shares Issued (or cancelled)**	**Class of Securities**	**Value of shares issued ($/per share) at Issuance**	**Were the shares issued at a discount to market price at the time of issuance? (Yes/No)**	**Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.**	**Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided**	**Restricted or Unrestricted as of this filing.**	**Exemption or Registration Type.**
November 14, 2024	Stock Option Exercise	5,000	Common	$1.25/ shs	Yes	N/A	Employee Stock Option Exercise	Restricted	Rule 701
December 13, 2024	Stock Option Exercise	5,000	Common	$1.25/ shs	Yes	N/A	Employee Stock Option Exercise	Restricted	Rule 701
December 31, 2024	Stock Option Exercise	2,500	Common	$1.25/ shs	Yes	N/A	Employee Stock Option Exercise	Restricted	Rule 701
January 7, 2025	Stock Option Exercise	5,000	Common	$0.72/ shs	Yes	N/A	Employee Stock Option Exercise	Restricted	Rule 701
March 12, 2025	Stock Option Exercise	15,000	Common	$1.25/ shs	Yes	N/A	Director Stock Option Exercise	Restricted	Rule 701
March 12, 2025	Stock Option Exercise	15,000	Common	$1.25/ shs	Yes	N/A	Director Stock Option Exercise	Restricted	Rule 701
March 13, 2025	Stock Option Exercise	3,351 *	Common	$1.25/ shs	Yes	N/A	Employee Stock Option Exercise	Restricted	Rule 701
March 14, 2025	Stock Option Exercise	666 *	Common	$1.25/ shs	Yes	N/A	Employee Stock Option Exercise	Restricted	Rule 701
April 1, 2025	Stock Option Exercise	346 *	Common	$1.25/ shs	Yes	N/A	Employee Stock Option Exercise	Restricted	Rule 701
April 2, 2025	Stock Option Exercise	2,000	Common	$1.25/ shs	Yes	N/A	Officer Stock Option Exercise	Restricted	Rule 701
April 2, 2025	Stock Option Exercise	4,955 *	Common	$1.25/ shs	Yes	N/A	Officer Stock Option Exercise	Restricted	Rule 701
April 9, 2025	Stock Option Exercise	15,000	Common	$1.25/ shs	Yes	N/A	Officer Stock Option Exercise	Restricted	Rule 701
April 11, 2025	Stock Option Exercise	60,000	Common	$1.25/ shs	Yes	N/A	Officer Stock Option Exercise	Restricted	Rule 701
April 14, 2025	Stock Option Exercise	62 *	Common	$1.25/ shs	Yes	N/A	Employee Stock Option Exercise	Restricted	Rule 701
April 16, 2025	Stock Option Exercise	902 *	Common	$1.25/ shs	Yes	N/A	Director Stock Option Exercise	Restricted	Rule 701
Shares Outstanding on Date of This Report: Ending Balance: Date May 29 2026 Common: 9,578,567									

Preferred: 12,127	

Example: A company with a fiscal year end of December 31st 2024, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2023 through December 31, 2024 pursuant to the tabular format above.

Any additional material details, including footnotes to the table are below:

- This is the aggregate number of shares issued (the net increase in shares outstanding) after netting out a Company repurchase of shares issued in order to effect a cashless exercise of stock options.

B. Convertible Debt

The following is a complete list of the Company's Convertible Debt which includes all promissory notes, convertible notes, convertible debentures, or any other debt instruments convertible into a class of the issuer's equity securities. The table includes all issued or outstanding convertible debt at any time during the last complete fiscal year and any interim period between the last fiscal year end and the date of this Certification.

[☒] Check this box to confirm the Company had no Convertible Debt issued or outstanding at any point during this period.

Date of Note Issuance	Principal Amount at Issuance ($)	Outstanding Balance ($) (include accrued interest)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	# Shares Converted to Date	# of Potential Shares to be Issued Upon Conversion[6]	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)

Total Outstanding Balance: **Total Shares:**

Any additional material details, including footnotes to the table are below:

____

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.

[6] The total number of shares that can be issued upon full conversion of the Outstanding Balance. The number should not factor any "blockers" or limitations on the percentage of outstanding shares that can be owned by the Noteholder at a particular time. For purposes of this calculation, please use the current market pricing (e.g. most recent closing price, bid, etc.) of the security if conversion is based on a variable market rate.

Ensure that these descriptions are updated on the Company's Profile on www.OTCMarkets.com.

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

ETC was incorporated in 1969 in Pennsylvania. For over five decades, we have provided our customers with products, services, and support. Innovation, continuous technological improvement and enhancement, and product quality are core values that are critical to our success. We are a significant supplier and innovator in the following areas: (i) software driven products and services used to create and monitor the physiological effects of flight, including high performance jet tactical flight simulation, fixed and rotary wing upset prevention and recovery and spatial disorientation, and both suborbital and orbital commercial human spaceflight,; (ii) altitude (hypobaric) chambers; (iii) hyperbaric chambers for multiple persons (multiplace chambers);collectively, Aircrew Training Systems ("ATS") (iv) Advanced Disaster Management Simulators ("ADMS"); (v) steam and gas (ethylene oxide) sterilizer systems ("Sterilizer Systems" or "Sterilizers"); and (vi) environmental testing and simulation systems ("ETSS"). We operate in two primary business segments, Aerospace Solutions ("Aerospace") and Commercial/Industrial Systems ("CIS").

Aerospace encompasses the design, manufacture, and sale of: (i) ATS products and (ii) ADMS, as well as integrated logistics support ("ILS") for customers who purchase these products or similar products manufactured by other parties. These products and services provide customers with an offering of comprehensive solutions for improved readiness and reduced operational costs. Sales of our Aerospace products are made principally to U.S. and foreign government agencies and to civil aviation organizations. We offer integrated ATS products to commercial, governmental, and military defense agencies, and training devices, including altitude (hypobaric) and multiplace chambers, to governmental and military defense agencies and civil aviation organizations both in the United States and internationally. We sell our ADMS line of products to governmental organizations both in the United States and internationally, original equipment manufacturers in the global special fire truck market (including Aircraft Rescue and Firefighting vehicles), fire and emergency training schools, universities, commercial operations, airports and the oil and gas industry. We also provide ILS for customers who purchase these products or similar products manufactured by other parties.

CIS encompasses the design, manufacture, and sale of: (i) steam and gas (ethylene oxide) sterilizer systems; and (ii) ETSS, as well as parts and service support for customers who purchase these products or similar products manufactured by other parties. Sales of our CIS products are made principally to the healthcare, pharmaceutical, and automotive industries. We sell our sterilizer systems to medical device manufacturers, pharmaceutical manufacturers, and universities. We sell ETSS primarily to commercial automotive and heating, ventilation, and air conditioning ("HVAC") manufacturers. We also provide upgrade, maintenance, and repair services for our products and similar products manufactured by other parties.

B. List any subsidiaries, parent company, or affiliated companies.

ETC-PZL Aerospace Industries Sp. z o.o. ("ETC-PZL"), our wholly-owned subsidiary in Warsaw, Poland, is currently our only operating subsidiary. ETC-PZL manufactures certain simulators within our Aerospace segment.

C. Describe the issuers' principal products or services.

We sell integrated products and training services. Some of our products are customized using our proprietary software based on specifications provided by our customers. Some of our products take more than one year to manufacture and deliver to the customer.

Specific products within Aerospace include:

- Aeromedical Centers;
- Authentic Tactical Flight Simulator ("ATFS") Motion Platforms; o ATFS-400-31 High Performance Human Centrifuge o ATFS-400-25 High Performance Human Centrifuge
- Interchangeable Cockpit Modules;

- G-LAB Human Centrifuge and G Trainer;
- GYROLAB GL-6000 KRAKEN Advanced Spatial Disorientation Training and Research Device;
- GYROLAB GL-4000;
- GYROLAB GL-1500;
- GYRO IPT-III eFOV;
- GYRO IPT-II Fixed and Rotary Wing Spatial Disorientation Trainer;
- GAT-III Fixed Wing Aviation Trainer;
- GAT HELO Rotary Wing Aviation Trainer;
- Night Vision Training System (“NVTS”);
- Night Vision Goggle Training System (“NVGTS”);
- Altitude (Hypobaric) Chambers;
- Multiplace Hyperbaric Chambers;
- Ejection Seat Simulator (“ESS”);
- Pilot Selection System (“PSS”);
- Water Survival Training equipment; ▯ Vestibular Illusion Demonstrator (“VID”); and our
- ADMS line of products (primarily AIRBASE, COMMAND, CONTROL, DRIVE, FIRE, and the Aircraft Rescue and Firefighting (“ARFF”) Vehicle Simulator).

Specific services within Aerospace include:

- Tactical flight training;
- High-G training;
- Hypoxia training;
- Situational awareness and spatial disorientation training;
- Aeromedical training;
- Suborbital and orbital commercial human spaceflight training;
- Upset prevention and recovery training (“UPRT”);
- Crew resource management (“CRM”) training;
- Advanced pilot training;
- Basic pilot training;
- Pilot selection;
- Emergency response training; and
- Integrated logistics support.

CIS encompasses the design, manufacture, and sale of:

- Steam and gas (ethylene oxide) sterilizer systems;
- Environmental testing and simulation systems ("ETSS”); and
- Parts and service support.

In the Aerospace segment, we offer integrated ATS products to commercial, governmental, and military defense agencies, and training devices, including altitude (hypobaric) and multiplace chambers, to governmental and military defense agencies, universities and civil aviation organizations both in the United States and internationally. We sell our ADMS line of products to governmental organizations in both the United States and internationally, original equipment manufacturers in the global special fire truck market (including ARFF vehicles), fire and emergency training schools, universities, and airports. We also provide ILS for customers who purchase these products or similar products manufactured by other parties.

In the CIS segment, we sell our sterilizer systems to medical device manufacturers, pharmaceutical manufacturers, and universities. We sell ETSS primarily to commercial automotive and heating, ventilation, and air conditioning ("HVAC") manufacturers. We also provide upgrade, maintenance, and repair services for our products and similar products manufactured by other parties

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

Location	Approximate Square Footage	Function	Owned/ Leased	Segment
Southampton, Pennsylvania	83,800	Manufacturing (36,000 sq. ft.), NASTAR Center (22,100 sq. ft.), and Corporate Headquarters (25,700 sq. ft.)	Leased	Aerospace CIS
Orlando, Florida	6,656	Product development and administration	Leased	Aerospace
Warsaw, Poland	28,000	Manufacturing, product development, and administration	Leased	Aerospace
Ankara, Turkey	1,744	Software development	Leased	Aerospace CIS

6) All Officers, Directors, and 5% Beneficial Owners of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.
If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Individual Name (First, Last) or **Entity Name** (Include names of control person(s) if a corporate entity)	**Position/Company Affiliation** (ex: CEO, 5% Control person)	**City and State** (Include Country if outside U.S.)	**Number of Shares Owned** (List common, preferred, warrants and options separately)	**Class of Shares Owned**	**Percentage of Class of Shares Owned** (undiluted)
George K. Anderson, MD	Chairman of the Board of Directors	Fairplay, CO	24,821 156,667	Common Stock Stock Options	1.9% Beneficial ownership calc.
Linda J. Brent	Director	Pensacola, FL	16,619 128,816	Common Stock Stock Options	1.5% Beneficial ownership calc.
Brian Eccleston	Director	Pelham Manor, NY	0 46,667	Common Stock Stock Options	Less than 1%
Winston E. Scott	Director	Melbourne, FL	15,226 128,816	Common Stock Stock Options	1.5% Beneficial ownership calc.
Robert L. Laurent, Jr.	Chief Executive Officer, President, Corporate Secretary and Director	Martinsville, NJ	131,828 96,666	Common Stock Stock Options	2.4% Beneficial ownership cal.
Timothy Kennedy	Chief Financial Officer	Wayne, PA	0 40,000	Common Stock Stock Options	Less than 1%
Thomas G. Loughlin	Chief Operating Officer	Newtown, PA	41,522 70,000	Common Stock Stock Options	1.2% Beneficial Ownership
Alper Kus	Senior Vice President, Aircrew Training Systems	Warrington, PA	50,261 70,000	Common Stock Stock Options	1.2% Beneficial Ownership
Katarzyna Wrzesinski	Director of Finance and Corporate Controller	Richboro, PA	2,000 32,000	Common Stock Stock Options	Less than 1%
Estate of H.F. Lenfest	Owner of more than 5%	Philadelphia, PA	2,216,939	Common Stock	23.1% Owner of Common

			Preferred Stock, Series E 12,127 (currently convertible to 6,124,567 shares of Common Stock, assuming cash payment of all accrued dividends) 8,341,506	Preferred Stock, Series E Total shares on a convertible basis	Stock 100% Owner of Preferred Stock, Series E 53.1% Owner on a convertible basis (Beneficial ownership calc.)
T. Todd Martin, III	Owner of more than 5%	Mobile, AL	1,036,000	Common Stock	10.8% owner of Common Stock (Beneficial ownership calc.) 6.2% Owner on a convertible basis

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None Noted

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

None Noted

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

None Noted

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None Noted

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None Noted

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

None Noted

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None Noted

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.
Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel

Name: Sadis & Goldberg LLP
Address 1: 551 Fifth Avenue, 21st Floor
Address 2: New York, NY 10176
Phone: (212) 573-8034
Email:

Accountant or Auditor
Name:
Firm: RSM US LLP
Address 1: 518 Township Line Road – Suite 300
Address 2: Blue Bell, PA 19422
Phone: (215) 641-8600
Email:

Investor Relations

Name: Tim Kennedy, Chief Financial Officer
Firm: Environmental Tectonics Corporation
Address 1: County Line Industrial Park
Address 2: 125 James Way

Phone: Southampton, PA 18966
Email: tkennedy@etcusa.com

All other means of Investor Communication:

X (Twitter): _____
Discord: _____
LinkedIn _____
Facebook: _____
[Other] _____

Other Service Providers
Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: _____
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: **Timothy Kennedy**
Title: **Chief Financial Officer**
Relationship to Issuer: **Employee**

B. The following financial statements were prepared in accordance with:

☐ IFRS
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: **Timothy Kennedy**
Title: **Chief Financial Officer**
Relationship to Issuer: **Employee**
Describe the qualifications of the person or persons who prepared the financial statements:[6] **Mr. Kennedy has been a Chief Financial Officer for in excess of 7 years.**

Provide the following qualifying financial statements:

[6] The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity);
- Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable." Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Robert L. Laurent, Jr. certify that:

1. I have reviewed this Disclosure Statement for Environmental Tectonics Corporation;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

July 15, 2026

/s/ Robert L. Laurent, Jr. – Chief Executive Officer

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Timothy R. Kennedy certify that:

1. I have reviewed this Disclosure Statement for Environmental Tectonics Corporation;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

July 15, 2026

/s/ Timothy R. Kennedy – Chief Financial Officer

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

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QUARTERLY REPORT

For the thirteen weeks
ended May 29, 2026

ENVIRONMENTAL TECTONICS CORPORATION

Quarterly Report
For the thirteen weeks ended May 29, 2026

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Southampton, Pennsylvania 18966
(Address of Issuer's Principal Executive Office)

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When used in this Quarterly Report, except where the context otherwise requires, the terms "we", "us", "our", "ETC", and the "Company" refer to Environmental Tectonics Corporation and its subsidiaries.

Item 2. Security Information

Trading symbol:	ETCC	
CUSIP:	294092	
Title of class of securities outstanding:	Common Stock	Preferred Stock, Series E
Par value:	$0.05	$0.05 (Stated value of $1,000)
Total shares authorized:	50,000,000 as of May 29, 2026	25,000 as of May 29, 2026
Total shares outstanding:	9,578,567 as of May 29, 2026	12,127 as of May 29, 2026

Transfer Agent:

Equiniti Trust Company, LLC ("EQ") *
55 Challenger Road, Floor 2
Ridgefield Park, NJ 07660
Telephone: (800) 468-9716
Website: www.equiniti.com

* registered under the Exchange Act

List any restrictions on the transfer of security: N/A

Describe any trading suspension: N/A

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past twelve months:

We have never paid any cash dividends on our Common Stock and do not anticipate that any cash dividends will be declared or paid on our Common Stock in the foreseeable future.

Dividends on the Company's Preferred Stock, as declared, are accrued according to the terms of the Preferred Stock and when paid, are paid in cash. The Preferred Stock is currently entitled to receive cumulative dividends at the rate of four percent (4%) per year in preference to the holders of the Company's Common Stock with respect to dividends. Series E Preferred Stock dividends accrued as of May 29, 2026, which totaled $6,437 thousand, remained unpaid as of July 15, 2026, the date of issuance of the accompanying interim consolidated financial statements.

Item 3. Issuance History

A. The nature of each offering of Common Stock in the last two fiscal years:

Date	Shareholder	Shares	Transaction	Value
November 14, 2024	ETCC Employee	5,000	2015 Stock Option Grant Exercise @ $1.25 per share	$ 6,250
December 11, 2024	ETCC Employee	5,000	2015 Stock Option Grant Exercise @ $1.25 per share	6,250
December 26, 2024	ETCC Employee	2,500	2015 Stock Option Grant Exercise @ $1.25 per share	3,125
January 7, 2025	ETCC Employee	5,000	2019 Stock Option Grant Exercise @ $0.72 per share	3,600
March 12, 2025	ETCC Director	15,000	2015 Stock Option Grant Exercise @ $1.25 per share	18,750
March 12, 2025	ETCC Director	15,000	2015 Stock Option Grant Exercise @ $1.25 per share	18,750
March 13, 2025	ETCC Employee	10,000	2015 Stock Option Grant Exercise @ $1.25 per share	12,500
March 14, 2025	ETCC Employee	2,500	2015 Stock Option Grant Exercise @ $1.25 per share	3,125
April 1, 2025	ETCC Employee	2,000	2015 Stock Option Grant Exercise @ $1.25 per share	2,500
April 2, 2025	ETCC Officer	2,000	2015 Stock Option Grant Exercise @ $1.25 per share	2,500
April 2, 2025	ETCC Officer	30,000	2015 Stock Option Grant Exercise @ $1.25 per share	37,500
April 9, 2025	ETCC Officer	15,000	2015 Stock Option Grant Exercise @ $1.25 per share	18,750
April 11, 2025	ETCC Director and Officer	60,000	2015 Stock Option Grant Exercise @ $1.25 per share	75,000
April 14, 2025	ETCC Employee	2,000	2015 Stock Option Grant Exercise @ $1.25 per share	2,500
April 16, 2025	ETCC Director	15,000	2015 Stock Option Grant Exercise @ $1.25 per share	18,750
		186,000		$ 229,850

B. Any jurisdictions where the offering was registered or qualified: N/A

C. The number of shares offered: 186,000

D. The number of shares sold: The aggregate number of shares sold in the table above is 186,000. After netting out the Company repurchase of shares issued, in order to effect cashless exercises of stock options, the net increase in the number of shares outstanding at the end of the period, compared to the beginning of this period, is 134,782.

E. The price at which the shares were offered, and the amount actually paid to the issuer: $229,850

F. The trading status of the shares: Restricted

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act: No

Item 4. Financial Statements

Environmental Tectonics Corporation
Consolidated Statements of Operations and Comprehensive Loss
(unaudited)

(in thousands, except per share information)	Thirteen weeks ended May 29, 2026	Thirteen weeks ended May 30, 2025
Net sales	$ 16,186	$ 17,601
Cost of goods sold	12,290	12,939
Gross Profit	3,896	4,662
Operating expenses	2,892	2,498
Operating income	1,004	2,164
Other expenses:		
Interest expense, net	549	563
Other expense (income), net	81	(78)
Other expense, net total	630	485
Income before income taxes	374	1,679
Income tax provision	150	390
Net income	**224**	**1,289**
Foreign Currency translation adjustment	(18)	(90)
Comprehensive income	$ 206	$ 1,199
Preferred Stock Dividends	(121)	(121)
Income attributable to common and participating shareholders	**$ 103**	**$ 1,168**
Per share information:		
Basic earnings per common and participating share:		
Distributed earnings per share:		
Common	$ -	$ -
Preferred	$ 0.02	$ 0.02
Undistributed earnings per share:		
Common	$ 0.01	$ 0.07
Preferred	$ 0.01	$ 0.07
Diluted earnings per share	**$ 0.01**	**$ 0.07**
Basic weighted average common and participating shares:		
Common weighted average number of shares	9,579	9,540
Participating preferred shares	6,125	6,125
Total basic weighted average common and participating shares	15,704	15,665
Diluted weighted average shares:		
Basic weighted average common and participating shares	15,704	15,665
Dilutive effect of stock options	927	1,333
Total diluted weighted average shares	16,631	16,998

The accompanying notes are an integral part of the consolidated financial statements.

Environmental Tectonics Corporation
Consolidated Balance Sheets

(in thousands, except share information)	May 29, 2026 (unaudited)	February 27, 2026
ASSETS		
Current assets:		
Cash and cash equivalents	$ -	$ 224
Restricted cash	7,048	7,251
Accounts receivable, net	11,415	10,510
Contract assets	31,315	31,471
Inventories, net	871	1,100
Prepaid expenses and other current assets	5,253	4,976
Total current assets	55,902	55,532
Property, plant, and equipment, at cost, net	540	556
Right-of-use asset	5,026	5,767
Capitalized software development costs, net	9	8
Deferred tax assets, non-current, net	4,298	4,420
Total assets	**$ 65,775**	**$ 66,283**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt obligations, net of debt issuance costs	$ 558	$ 567
Accounts payable, trade	3,888	4,237
Contract liabilities	15,625	14,610
Accrued taxes	88	-
Accrued interest and dividends	6,479	6,355
Current portion of lease obligations	2,621	2,812
Other accrued liabilities, current	5,716	4,959
Total current liabilities	34,975	33,540
Long-term debt obligations, net of debt issuance costs, less current portion:		
Credit facility payable to bank, net of debt issuance costs	11,018	12,586
Lease obligations, non-current	2,405	2,955
Other accrued liabilities, non-current	995	995
Total liabilities	49,393	50,076
Shareholders' equity:		
Cumulative convertible participating Preferred Stock, Series E, $0.05 par value, 25,000 shares authorized; 12,127 shares outstanding as of May 29, 2026 and February 27, 2026	12,127	12,127
Common Stock, $0.05 par value, 50,000,000 shares authorized; 9,629,785 shares issued and 9,578,567 outstanding as of May 29, 2026 and February 27, 2026	481	481
Additional paid-in capital	5,527	5,558
Accumulated deficit	(644)	(868)
Accumulated other comprehensive loss	(1,031)	(1,013)
Treasury Stock, at cost 51,218 shares; as of May 29, 2026 and February 27, 2026	(78)	(78)
Total shareholders' equity	16,382	16,207
Total liabilities and shareholders' equity	**$ 65,775**	**$ 66,283**

The accompanying notes are an integral part of the consolidated financial statements.

Environmental Tectonics Corporation
Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	Fiscal Periods Ended May 29, 2026	Fiscal Periods Ended May 30, 2025
Cash flows from operating activities:		
Net income	$ 224	$ 1,289
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	64	100
Deferred income taxes	122	350
Increase in allowance for doubtful accounts and inventory obsolescence	61	-
Stock compensation expense	89	46
Changes in operating assets and liabilities:		
Accounts receivable	(933)	(4,231)
Contract assets	156	344
Inventories	196	(170)
Prepaid expenses and other assets	(277)	268
Accounts payable, trade	(349)	2,856
Contract liabilities	1,015	(3,057)
Accrued taxes	88	4
Accrued interest and dividends	4	(20)
Other accrued liabilities	758	(649)
Net cash provided by (used in) operating activities	**1,218**	**(2,870)**
Cash flows from investing activities:		
Acquisition of property, plant, and equipment	(48)	(140)
Capitalized software development costs	(2)	-
Net cash (used in) investing activities	**(50)**	**(140)**
Cash flows from financing activities:		
(Repayments) borrowings under lines of credit	(1,577)	-
Borrowings under line of credit		953
Issuance of Common Stock from options exercised	-	208
Repurchase of Common Stock	-	(78)
Net cash (used in) provided by financing activities	**(1,577)**	**1,083**
Effect of exchange rate changes on cash	(18)	(90)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(427)	(2,017)
Cash, cash equivalents, and restricted cash at beginning of year	7,475	9,427
Cash, cash equivalents, and restricted cash at end of period	**$ 7,048**	**$ 7,410**
Less: Restricted cash	(7,048)	(7,304)
Cash and cash equivalents at end of period	**$ -**	**$ 106**
Supplemental schedule of cash flow information:		
Interest paid	$ 371	$ 421
Income taxes paid	$ -	$ -
Supplemental information on non-cash operating and investing activities:		
Preferred Stock dividends accrued during each respective fiscal period	$ 121	$ 121

The accompanying notes are an integral part of the consolidated financial statements.

Environmental Tectonics Corporation
Consolidated Statements of Changes in Shareholders' Equity
(unaudited)

(in thousands, except share information)	Preferred Stock	Common Stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Treasury Stock	Total Shareholders' Equity
Balance, February 28, 2025	$ 12,127	$ 473	$ 5,530	$ (3,916)	$ (992)	$ -	$ 13,222
Net income	-	-	-	3,048	-	-	3,048
Foreign currency translation adjustment	-	-	-	-	(21)	-	(21)
Preferred Stock dividends	-	-	(484)	-	-	-	(484)
Stock compensation expense	-	-	312	-	-	-	312
Common Stock Option Exercise	-	8	200	-	-	-	208
Repurchase of Common Stock	-	-	-	-	-	(78)	(78)
Balance, February 27, 2026	**$ 12,127**	**$ 481**	**$ 5,558**	**$ (868)**	**$ (1,013)**	**$ (78)**	**$ 16,207**
Net income	-	-	-	224	-	-	224
Foreign currency translation adjustment	-	-	-	-	(18)	-	(18)
Preferred Stock dividends	-	-	(121)	-	-	-	(121)
Stock compensation expense	-	-	89	-	-	-	89
Common Stock Option Exercise	-	-	-	-	-	-	-
Repurchase of Common Stock	-	-	-	-	-	-	-
Balance, May 29, 2026	**$ 12,127**	**$ 481**	**$ 5,527**	**$ (644)**	**$ (1,031)**	**$ (78)**	**$ 16,382**

The accompanying notes are an integral part of the consolidated financial statements.

Item 5. Description of Business Operations

ETC was incorporated in 1969 in Pennsylvania. For over five decades, we have provided our customers with products, services, and support. Innovation, continuous technological improvement and enhancement, and product quality are core values that are critical to our success. We are a significant supplier and innovator in the following areas: (i) software driven products and services used to create and monitor the physiological effects of flight, including high performance jet tactical flight simulation, fixed and rotary wing upset prevention and recovery and spatial disorientation, and both suborbital and orbital commercial human spaceflight: altitude (hypobaric) chambers; hyperbaric chambers for multiple persons (multiplace chambers) collectively, Aircrew Training Systems (“ATS”); (ii) Advanced Disaster Management Simulators (“ADMS”); (iii) steam and gas (ethylene oxide) sterilizer systems (“Sterilizer Systems” or “Sterilizers”); and (iv) Environmental Testing and Simulation Systems (“ETSS”). We operate in two primary business segments, Aerospace Solutions (“Aerospace”) and Commercial/Industrial Systems (“CIS”).

Aerospace encompasses the design, manufacture, and sale of: (i) ATS products; and (ii) ADMS, as well as integrated logistics support (“ILS”) for customers who purchase these products or similar products manufactured by other parties. These products and services provide customers with an offering of comprehensive solutions for improved readiness and reduced operational costs. Sales of our Aerospace products are made principally to U.S. and foreign government agencies and to civil aviation organizations. We offer integrated ATS products to commercial, governmental, and military defense agencies, and training devices to governmental and military defense agencies and civil aviation organizations both in the United States and internationally. We sell our ADMS line of products to governmental organizations both in the United States and internationally, original equipment manufacturers in the global special fire truck market (including Aircraft Rescue and Firefighting vehicles), fire and emergency training schools, universities, commercial operations, airports and the oil and gas industry. We also provide ILS for customers who purchase these products or similar products manufactured by other parties.

CIS encompasses the design, manufacture, and sale of: (i) steam and gas (ethylene oxide) sterilizer systems; and (ii) ETSS; as well as parts and service support for customers who purchase these products or similar products manufactured by other parties. Sales of our CIS products are made principally to the healthcare, pharmaceutical, and automotive industries. We sell our sterilizer systems to medical device manufacturers, pharmaceutical manufacturers, and universities. We sell ETSS primarily to commercial automotive and heating, ventilation, and air conditioning (“HVAC”) manufacturers. We also provide upgrade, maintenance, and repair services for our products and similar products manufactured by other parties.

The Company’s primary Standard Industrial Classification Code (“SIC Code”) is 3569. The Company’s fiscal year is the fifty-two week or fifty-three week annual accounting period ending the last Friday in February. References to the 2027 fiscal first quarter are references to the thirteen week period ended May 29, 2026. References to the 2026 fiscal first quarter are references to the thirteen week period ended May 30, 2025. References to fiscal 2027 are references to the fifty-two week period ending February 26, 2027. References to fiscal 2026 are references to the fifty-two week period ended February 27, 2026.

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of ETC and ETC-PZL Aerospace Industries Sp. z o.o. (“ETC-PZL”), our 100%-owned subsidiary in Warsaw, Poland. ETC-PZL manufactures certain simulators. “ETC-SH” refers to the Company’s corporate headquarters and main production plant located in Southampton, Pennsylvania. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying interim consolidated financial statements have been prepared by ETC, without audit, in conformity with accounting principles generally accepted in the United States of America, consistently applied, and reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature.

Certain information in footnote disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States of America has been condensed or omitted and the financial results for the periods presented may not be indicative of the full year's results; however, the Company believes that the disclosures are adequate to make the information presented not misleading. These interim consolidated financial statements should be read in conjunction with the audited financial statements and the notes thereto included in the Company's Annual Report to Shareholders for fiscal 2026 (the "2026 Annual Report").

Significant Accounting Policies Update

There have been no material changes in the Company's significant accounting policies during fiscal 2027 as compared to what was previously disclosed in the 2026 Annual Report.

Note 2. Earnings per Share

The Company utilizes the two-class method for computing and presenting earnings per share. The Company currently has one class of Common Stock (the "Common Stock") and one class of cumulative convertible participating Preferred Stock currently outstanding, Series E (the "Preferred Stock"). Under its terms, the Preferred Stock is entitled to participate in any cash dividends on a one-for-one basis for the equivalent converted common shares if the Preferred Stock were to be converted by the holder by the dividend record date; therefore, the Preferred Stock is considered a participating security requiring the two-class method for the computation and presentation of net income per share – basic.

The two-class computation method for each period segregates basic earnings per common and participating share into two categories: distributed earnings per share (i.e., the Preferred Stock stated dividend) and undistributed earnings per share, which allocates earnings after subtracting the Preferred Stock dividend to the total of weighted average common shares outstanding plus equivalent converted common shares related to the Preferred Stock. Basic earnings per common and participating share exclude the effect of Common Stock equivalents, and is computed using the two-class computation method.

Diluted earnings per share reflects the potential dilution that could result if securities or other contracts to issue Common Stock were exercised or converted into Common Stock. Diluted earnings per share continue to be computed using the if-converted method. Diluted earnings per share assumes the exercise of stock options and warrants using the treasury stock method. If the effect of the conversion of any financial instruments would be anti-dilutive, it is excluded from the diluted earnings per share calculation.

As of both May 29, 2026 and May 30, 2025, there were 12,127 shares of cumulative convertible participating Series E Preferred Stock outstanding, convertible into Common Stock at an exercise price of $1.98 per share, equating to 6,124,567 shares of Common Stock, originally issued in July 2009, assuming cash payment of all accrued dividends.

As of May 29, 2026 and May 30, 2025, there were outstanding options to purchase the Company's Common Stock at an average price of $1.05 and $1.08 totaling 1,734,616 and 1,706,950 shares, respectively. Due to the conversion price of Common Stock options, 737,000 and 0 shares were excluded from the calculation of diluted earnings per share as of May 29, 2026 and May 30, 2025, respectively, because the effect of their conversion would be anti-dilutive.

Note 3. Revenue

The majority of our net sales are generated from long-term contracts with foreign and U.S. governments and agencies (including foreign military sales ("FMS") contracted through the U.S. Government) for the research, design, development, manufacture, integration, and sustainment of ATS products as well as long-term contracts with domestic and international customers for the sale of Sterilizer systems and ETSS. Net sales of ADMS are generally much shorter term in nature and vary between domestic and international customers. We generally provide our products and services under fixed-price contracts.

Sales backlog (i.e., unfulfilled or remaining performance obligations) represents the sales we expect to recognize for our products and services for which control has not yet transferred to the customer. The estimated consideration is determined at the outset of the contract and considers the risks related to the technical, schedule, and cost impacts to complete the contract and an estimate of any variable consideration. We review these risks on a quarterly basis and may increase or decrease backlog accordingly. As the risks on such contracts are successfully retired, the estimated consideration from customers may be reduced, resulting in a reduction of backlog without a corresponding recognition of sales. As of May 29, 2026, our ending sales backlog was $84.7 million. We expect to recognize approximately 70% over the next twelve (12) months and approximately 94% over the next twenty-four (24) months as revenue, with the remainder recognized thereafter.

(Dollars in thousands, except per share information)

Comparability of our segment sales, operating income, and operating margin may be impacted favorably or unfavorably by changes in profit booking rates on our contracts for which we recognize revenue over a period of time using the percentage-of-completion cost-to-cost method to measure progress towards completion. Increases in the profit booking rates, typically referred to as risk retirements, usually relate to revisions in the estimated total costs to fulfill the performance obligations that reflect improved conditions on a particular contract. Conversely, conditions on a particular contract may deteriorate, resulting in an increase in the estimated total costs to fulfill the performance obligations and a reduction in the profit booking rate. Increases or decreases in profit booking rates are recognized in the current period and reflect the inception-to-date effect of such changes.

The aggregate impact of adjustments in contract estimates to net income are presented below:

	Thirteen weeks ended May 29, 2026			Thirteen weeks ended May 30, 2025		
	Aerospace	**CIS**	**Total**	**Aerospace**	**CIS**	**Total**
Net income attributable to adjustments in contract estimates	$ (202)	$ 92	$ (110)	$ 39	$ (102)	$ (63)

The following schedule presents the Company's net sales by segment, business unit, and geographic area fluctuation report:

	Thirteen weeks ended May 29, 2026				Thirteen weeks ended May 30, 2025			
	Domestic	**U.S. Gov't**	**Inter-national**	**Total**	**Domestic**	**U.S. Gov't**	**Inter-national**	**Total**
Aerospace Solutions								
Aircrew Training Solutions (ATS)	$ 218	$ 48	$ 9,042	$ 9,308	$ 158	$ 551	$ 10,435	$ 11,144
Simulation (ADMS)	1	61	869	931	49	327	467	843
Subtotal	219	109	9,911	10,239	207	878	10,902	11,987
Commercial/Industrial Systems								
Sterilizer Systems	1,657	-	591	2,248	3,235	-	1,697	4,932
Environmental (ETSS)	3,311	-	-	3,311	178	-	-	178
Service and Spares	330	-	58	388	446	-	58	504
Subtotal	5,298	-	649	5,947	3,859	-	1,755	5,614
Net sales total	**$ 5,517**	**$ 109**	**$ 10,560**	**$ 16,186**	**$ 4,066**	**$ 878**	**$ 12,657**	**$ 17,601**

The Company's percentage of total recognized revenue by type of revenue was as follows:

Type of Revenue	**Thirteen weeks ended May 29, 2026**	**Thirteen weeks ended May 30, 2025**
Products	89.8%	90.6%
Maintenance and support agreements	7.2%	5.8%
Services	1.9%	2.0%
Spare parts	1.1%	1.6%
Total	**100.0%**	**100.0%**

(Dollars in thousands, except per share information)

Note 4. Leases

The Company determines if an arrangement is a lease at the inception date. On the Consolidated Balance Sheets, operating leases are included in Right-of-use asset, with the related liabilities included in either the Current portion of lease obligations or Lease obligations, non-current. Also on the Consolidated Balance Sheets, finance leases are included in Property, plant, and equipment, at cost, net, with the related liabilities included in either Other accrued liabilities, current, or Other accrued liabilities, non-current.

Right-of-use assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. If a lease does not implicitly state a rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. Variable components of the lease payments such as fair market value adjustments, utilities, and maintenance costs are expensed as incurred and not included in determining the present value. Lease expenses for minimum lease payments are recognized on a straight-line basis over the lease term.

The Company leases certain premises and office equipment under operating leases. As of May 29, 2026, these leases have remaining lease terms of two (2) months to forty-three (43) months, with a weighted average remaining lease term of approximately thirty (29) months. Maturities of operating lease liabilities are as follows:

Fiscal Year		Amount
2027		2,332
2028		1,546
2029		1,253
2030		431
Total lease payments		5,561
Less: imputed interest		(535)
Total future long-term debt obligations		5,026
Less: current portion		(2,621)
Total future long-term debt obligations, less current portion	**$**	**2,405**

Total operating lease expense was $856 for the 2027 first fiscal quarter. For the 2027 first fiscal quarter, cash payments against operating lease liabilities totaled $737.

Note 5. Long-Term Obligations

On May 23, 2023, the Company entered into an amendment to the September 28, 2012 Loan Agreement with PNC Bank that provided for, among other things, the following:

(i) The maturity date of the 2016 PNC Credit Facilities was extended from June 30, 2023 to June 30, 2024.

(ii) Loans under the Line of Credit shall bear interest at a variable rate per annum equal to the sum of (A) Daily Simple SOFR plus (B) an unadjusted spread of two hundred seventy five basis points (2.75%) plus (C) a SOFR adjustment of ten basis points (0.10%).

(iii) Provided the ability for ETC to utilize our accounts receivable and inventory as collateral for additional borrowings with alternative lenders.

On May 6, 2024, the Company entered into an amendment to the September 28, 2012 Loan Agreement with PNC Bank that extended the maturity date of the 2016 PNC Credit Facilities from June 30, 2024 to June 30, 2025.

On May 13, 2025, the Company entered into an amendment to the September 28, 2012 Loan Agreement with PNC Bank that extended the maturity date of the 2016 PNC Credit Facilities from June 30, 2025 to June 30, 2026.

On May 26, 2026, the Company entered into an amendment to the September 28, 2012 Loan Agreement with PNC Bank that extended the maturity date of the 2016 PNC Credit Facilities from June 30, 2026 to June 30, 2028.

(Dollars in thousands, except per share information)

Summary of Long-Term Debt Obligations

Long-term debt obligations consist of the following:

	May 29, 2026	February 27, 2026
Credit facility payable to PNC Bank	$ 10,989	$ 12,555
Automobile Loan	37	39
Credit facility payable to Spoldzielczy Bank	550	559
Total long-term debt obligations, net of debt issuance costs	11,576	13,153
Less: current portion	(558)	(567)
Total long-term debt obligations, less current portion, net of debt issuance costs	**$ 11,018**	**$ 12,586**

Note 6. Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial and tax reporting purposes, as well as the valuation of net operating loss ("NOL") carryforwards and research and development tax credits. Valuation allowances are reviewed each fiscal period to determine whether there is sufficient positive or negative evidence to support a change in judgment about the potential realization of the related deferred tax asset. Deferred tax assets and liabilities are offset and presented as a single non-current asset.

Generally, accounting standards require companies to provide for income taxes each quarter based on their estimate of the effective tax rate for the full year. The authoritative guidance for accounting for income taxes allows use of the discrete method when, in certain situations, the actual interim period effective tax rate may be used if it provides a better estimate of income tax expense.

An income tax provision of $150 and $390 was recorded in the 2027 first fiscal quarter and the 2026 first fiscal quarter, respectively. Effective tax rates were 40.1% and 23.2% for the 2027 first fiscal quarter and the 2026 first fiscal quarter, respectively. As of May 29, 2026, the Company had approximately $3,650 of federal NOL carryforwards available to offset future income tax liabilities, $800 which will expire at various dates from fiscal 2027 through fiscal 2042.

Note 7. Commitments and Contingencies

Other Matters

Certain other claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against us. We believe, after consultation with legal counsel handling these specific matters, all such matters are reserved for or adequately covered by insurance or, if not so covered, are without merit or are of such kind, or involve such amounts, as would not be expected to have a significant effect on our financial position or results of operations if determined adversely against us.

Note 8. Subsequent Events

The Company has evaluated subsequent events through July 15, 2026 the date of issuance of its consolidated financial statements, and determined that there were no material subsequent events other than disclosed below requiring adjustment to, or disclosure in, the consolidated financial statements for the thirteen weeks ended May 29, 2026.

Management's Discussion and Analysis

Forward-looking Statements

Discussions of some of the matters contained in this Quarterly Report include forward-looking statements that may involve risks and uncertainties. Some of these discussions are contained under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations". We have based these forward-looking statements on our current expectations and projections about future events or future financial performance, which include implementing our business strategy, developing and introducing new technologies, obtaining, maintaining and expanding market acceptance of the technologies we offer, and competition in our markets. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about ETC, the economy and other factors, that may cause actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements.

These forward-looking statements include statements with respect to the Company's vision, mission, strategies, goals, beliefs, plans, objectives, expectations, anticipations, estimates, intentions, financial condition, results of operations, future performance, and business of the Company, including, but not limited to, (i) projections of revenues, costs of materials, income or loss, earnings or loss per share, capital expenditures, growth prospects, dividends, capital structure, other financial items, and the effects of foreign currency fluctuations, (ii) statements of our plans and objectives of the Company or its management or the Company's Board of Directors (the "Board of Directors"), including the introduction of new products, or estimates or predictions of actions of customers, suppliers, competitors, or regulatory authorities, (iii) statements of future economic performance, (iv) statements of assumptions and other statements about the Company or its business, (v) statements made about the possible outcomes of litigation involving the Company, (vi) statements regarding the Company's ability to obtain financing to support its operations and other expenses, and (vii) statements preceded by, followed by, or, that include, words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", estimate", "future" , "predict", "potential", "intend", or "continue", and similar expressions. These forward-looking statements involve risks and uncertainties that are subject to change based on various important factors. Some of these risks and uncertainties, in whole or in part, are beyond the Company's control.

Results of Operations

Thirteen weeks ended May 29, 2026 compared to thirteen weeks ended May 30, 2025

Due to the nature of our business, we have historically experienced significant variability in our quarterly revenues, earnings, and other operating results, and our performance may fluctuate significantly in the future.

Summary Table of Results

(unaudited)

(in thousands, except per share information)	Thirteen weeks ended May 29, 2026	Thirteen weeks ended May 30, 2025	Variance ($)	Variance (%)
Net sales	$ 16,186	$ 17,601	$ (1,415)	(8.0)
Cost of goods sold	12,290	12,939	(649)	(5.0)
Gross Profit	3,896	4,662	(766)	(16.4)
Gross profit margin %	*24.1%*	*26.5%*	*-2.4%*	*-9.1%*
Operating expenses	2,892	2,498	394	15.8
Operating income	1,004	2,164	(1,160)	(53.6)
Operating margin %	*6.2%*	*12.3%*	*-6.1%*	*-49.6%*
Interest expense, net	549	563	(14)	(2.5)
Other expense (income), net	81	(78)	159	(203.8)
Income before income taxes	374	1,679	(1,305)	(77.7)
Pre-tax margin %	*2.3%*	*9.5%*	*-7.2%*	*-75.8%*
Income tax provision	150	390	(240)	(61.5)
Net income	**$ 224**	**$ 1,289**	**$ (1,065)**	**(82.6)**
Per share information:				
Basic earnings per common and participating share:				
Distributed earnings per share:				
Common	$ -	$ -	$ -	
Preferred	$ 0.02	$ 0.02	$ -	
Undistributed earnings per share:				
Common	$ 0.01	$ 0.07	$ (0.06)	
Preferred	$ 0.01	$ 0.07	$ (0.06)	
Diluted earnings per share	**$ 0.01**	**$ 0.07**	**$ (0.06)**	

Net Income

Net income was $0.2 million, or $0.01 diluted earnings per share, in the 2027 first fiscal quarter, compared to net income of $1.3 million during the 2026 first fiscal quarter, or $0.07 diluted earnings per share. The $1.1 million, or 82.6% decrease is primarily attributable to a $0.8 million, or 16.4% decrease in gross profit, a $0.4 million, or 15.8% increase in operating expense and a $0.2 million, or 203.8% increase in other expense (income), net partially offset by a $0.2 million, or 61.5% decrease in income tax provision in the 2027 first fiscal quarter as compared to 2026 first fiscal quarter.

Net Sales

Net sales in the 2027 first fiscal quarter were $16.2 million, a decrease of $1.4 million, or 8.0%, compared to 2026 first fiscal quarter net sales of $17.6 million. Excluding sales related to the construction of the aeromedical center building, sales were $0.3 million, or 2.5% higher for first fiscal quarter 2027 at $13.9 million as compared to $13.6 million for first fiscal quarter 2026. The decrease in net sales was mainly a result of a $1.8 million, or 16.5% decrease in ATS sales, all of which relates to aeromedical center building revenue as well as a $2.7 million or 54.4% decrease in Sterilizer Systems sales partially offset by a $3.1 million, or 1760.1% increase in ETTS sales in the 2027 first fiscal quarter as compared to 2026 first fiscal quarter.

Gross Profit

Gross profit for the 2027 first fiscal quarter was $3.9 million, or 24.1% of net sales compared to $4.7 million, or 26.5% of net sales in 2026 the first fiscal quarter. Excluding the impact of the aeromedical center building revenue, gross profit margin was 27.9% for first fiscal quarter 2027 as compared to 34.3% for first fiscal quarter 2026. The decrease in gross profit margin as a percentage of sales was attributable to two ATS projects that had negative job costs revisions in the first fiscal quarter of 2027 as well as one ATS project having a significant positive impact on gross profit margin in the first fiscal quarter 2026.

Operating Expenses

Operating expenses, including sales and marketing, general and administrative, and research and development, for the 2027 first fiscal quarter were $2.9 million, an increase of $0.4 million, or 15.8%, compared to $2.5 million for the 2026 first fiscal quarter. The increase in operating expenses was due primarily to higher selling and general administrative expense in the 2027 first fiscal quarter as compared to the 2026 first fiscal quarter.

Operating Income

Operating income for the 2027 fiscal first quarter was $1.0 million, a decrease of $1.2 million, or 53.6%, compared to $2.2 million for the 2026 first fiscal quarter. The decrease in operating income is attributable to a $0.8 million decrease in gross profit attributable to lower gross profit margins and a $0.4 million increase in operating expenses.

Interest Expense, Net

Interest expense, net, was consistent for the 2027 first fiscal quarter as compared to the 2026 first fiscal quarter.

Other Expense (Income)

Other Expense was $0.1 million for the 2027 first fiscal quarter as compared to other income of ($0.1) million for the 2026 first fiscal quarter, a decrease of $0.2 million, or 203.8%.

Income Tax Provision

Income tax provision for the 2027 first fiscal quarter was $0.2 million compared to $0.4 million in the 2026 first fiscal quarter, a decrease of $0.2 million, or 61.5%. The decrease is attributable a decrease in income before income taxes in the first fiscal quarter 2027 as compared to the first fiscal quarter 2026.

Cash Flows from Operating, Investing, and Financing Activities

During the 2027 first fiscal quarter, cash provided by operating activities were $1.2 million, an increase of $4.1 million compared to cash used in operating activities of $2.9 million during the 2026 first fiscal quarter. Cash flows during the 2027 first fiscal quarter were positively impacted by a decrease in accounts receivable, net, and an increase in accounts payable and other accrued liabilities slightly offset by a decrease in net income as compared to 2026 first fiscal quarter.

Cash used for investing activities primarily relates to funds used for capital expenditures of equipment and software development. The Company's investing activities used $0.1 million during the 2027 and 2026 first fiscal quarters.

The Company's financing activities used $1.6 million of cash during the 2027 first fiscal quarter from repayments under the Company's credit facility as compared to borrowings s under the Company's credit facility of $1.0 during the 2026 first fiscal quarter.

Item 6. Description of Facilities

We are an ISO 9001 certified manufacturer. We operate in four major locations consisting of manufacturing facilities, product development, and administration. A summary of square footage and use is presented below:

Location	Approximate Square Footage	Function	Owned/ Leased	Segment
Southampton, Pennsylvania	83,800	Manufacturing (36,000 sq. ft.), NASTAR Center (22,100 sq. ft.), and Corporate Headquarters (25,700 sq. ft.)	Leased	Aerospace CIS
Orlando, Florida	6,656	Product development and administration	Leased	Aerospace
Warsaw, Poland	28,000	Manufacturing, product development, and administration	Leased	Aerospace
Ankara, Turkey	1,744	Software development	Leased	Aerospace CIS
Total	**120,200**			

We consider our machinery and plant to be in satisfactory operating condition, and adequate given our expected operations. Significant increases in the level of operations beyond what we expect in the current fiscal year might require us to obtain additional facilities and equipment.

Item 7. Officers, Directors, and Control Persons

	Name / *Address* **	Title	Ownership Percentage
Directors and Executive Officers:	George K. Anderson, M.D.	Chairman of the Board of Directors	1.9%
	Linda J. Brent, Ed.D.	Director	1.5%
	Winston E. Scott	Director	1.5%
	Brian Eccleston	Director	*
	Robert L. Laurent, Jr.	Chief Executive Officer, President, Corporate Secretary and Director	2.4%
	Timothy R. Kennedy	Chief Financial Officer	*
	Thomas G. Loughlin	Chief Operating Officer	1.2%
	Alper Kus	Senior Vice President, Aircrew Training Systems	1.2%
	Katarzyna Wrzesinski	Director of Finance and Corporate Controller	*
5% Beneficial Owners:	Estate of H.F. Lenfest *c/o The Lenfest Foundation* *Two Logan Square* *100 N. 18th Street, Suite 800* *Philadelphia, PA 19103*		*** 53.1%
	T. Todd Martin, III *50 Midtown Park East* *Mobile, AL 36606*		10.8%

* less than 1%

** address listed for all persons beneficially owning more than ten percent (10%)

*** the denominator for this ownership percentage calculation includes all participating preferred shares

Item 8. Legal/Disciplinary History

Information presented in the table above is accurate as of July 15, 2026, the date of issuance of the accompanying interim consolidated financial statements, based on information available to the Company. None of the foregoing Directors, Executive Officers, and Officers in the last ten (10) years has had a legal/disciplinary issue.

Item 9. Third Party Providers

Legal Counsel:

Sadis & Goldberg LLP
551 Fifth Avenue, 21st Floor
New York, NY 10176
(212) 573-8034

Independent Auditor:

RSM US LLP
518 Township Line Road, Suite 300
Blue Bell, PA 19422
(215) 641-8600

Item 10. Management's Certification

I, Timothy R. Kennedy certify that:

1 I have reviewed this Quarterly Report of Environmental Tectonics Corporation;

2 Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3 Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Tim Kennedy

Timothy R. Kennedy
Chief Financial Officer
Date: July 15, 2026

I, Robert L. Laurent, Jr. certify that:

1 I have reviewed this Quarterly Report of Environmental Tectonics Corporation;

2 Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3 Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Robert L. Laurent, Jr.
Chief Executive Officer and President
Date: July 15, 2026