



Investor Presentation / 投资者报告

June 2023 / 2023年6月

This presentation includes forward looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such forward looking statements involve risks and uncertainties and our actual experience may differ materially, either better or worse, from that anticipated in such statements. Factors that may cause differences include those discussed in our filings with the Securities and Exchange Commission, including but not limited to our most recent Form 10-K, proxy statement and Form 10-Q.

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A premium system integrator providing advanced flight management systems serving the aviation sector / 提供先进飞行管理系统的高级系统集成商，服务于航空领域

Company Overview / 公司概况

- **IS&S DESIGNS, MANUFACTURES AND SELLS / IS&S设计、制造和销售**
 - System Integration / 系统集成
 - Aircraft Management, Monitoring, Control and Display Systems / 飞机管理、监测、控制和显示系统
 - Sensor Products / 传感器产品
 - Autothrottle control and actuation / 自动节流控制和驱动
- **PRODUCTS AND SERVICES SUPPLIED TO / 产品和服务供应给**
 - Corporate/general aviation markets / 企业/通用航空市场
 - Military/government agencies, defense contractors / 军事/政府机构、国防承包商
 - Commercial air transport carriers / 商业航空运输公司
 - Original equipment manufacturers (OEMs) and Aftermarket / 原始设备制造商 (OEMs) 和售后市场

At-A-Glance / 公司概况

1988
Founded / 创建

Exton, PA
Headquarters / 总部

2000
Nasdaq Listing / 纳斯达克上市

ISSC
Ticker Symbol / 交易代码

Sept. 30 / 9月30日
Fiscal Year End / 财年结束日

136
Global Patents / 全球专利

\$28.0M / \$2800万
FY 2022 Revenue / 2022财年营收

\$0.32
Diluted EPS / 摊薄后每股盈余

\$11.8M / \$1180万
Backlog / 未完成订单

Diverse Set of Blue-Chip Customers Across Public and Private Sectors / 公共和私人部门中多样化的大型客户群





Mission

使命

To improve safety and comfort of aviation through cost effective application of technology

通过有成本效益的技术应用，提高航空的安全性和舒适性

Vision

愿景

To be the recognized leader of Certified Autonomous Flight Systems

成为获得认证的自主飞行系统的公认领导者

Investment Thesis / 投资主题

Strong Financial Foundation / 强劲的财务基础

- Demonstrated annual growth / 已经证明每年增长
- Gross margins exceeding 55% / 毛利润率超过了55%
- Operating margin exceeding 25% with demonstrated leverage on higher facility utilization / 运营利润率超过25%，并显示出对较高设施利用率的杠杆作用
- Consistently free cash flow positive / 自由现金流持续为正值
- Strong balance sheet with \$21 million of cash and no debt; plenty of financial flexibility to achieve short and long-term goals / 强大的资产负债表，拥有\$2100万的现金，没有债务；有足够的财务灵活性来实现短期和长期目标

Strong Organic & Inorganic Growth Engine / 强大的有机和无机增长引擎

- Expand Utilities Management System (“UMS”) for additional airframes / 为更多的机体扩展公用事业管理系统 (“UMS”)。
- Utilize Existing Certified UMS platform for application of certified Autonomous flight controls / 利用现有的经认证的UMS平台，应用经认证的自主飞行控制。
- Leverage the next generation UMS as a mission computer for military platforms / 利用下一代UMS作为军事平台的任务计算机
- Expand strategic relationships with Textron and Pilatus / 扩大与Textron和Pilatus的战略关系
- Grow through acquisitions of product lines or companies in existing or adjacent avionics and aerospace-related businesses / 通过收购现有或相近的航空电子和航空航天相关业务的产品线或公司来实现增长

Increase Capacity Utilization to Drive Outsized Profitability / 提高产能利用率，推动规模化的盈利能力

- Leverage strength of balance sheet for strategic and complementary M&A / 利用资产负债表的优势进行战略性和互补性并购
- Increase facility utilization to drive margin and free cash flow / 提高设施利用率以推动利润率和自由现金流



Product & Technology is Core / 产品与技术是核心

- ✓ Innovation Driven Product Development / 创新驱动产品开发
- ✓ Designed for ease of installation / 设计是为了方便安装
- ✓ Designed for reduced labor content / 设计是为了减少劳动量
- ✓ Continuous investment in advanced automation / 在高级自动化方面持续投资
- ✓ State of the art products protected by 136 Global Patents and 19 pending / 一流的产品受到136项全球专利保护，还有19项专利待批准



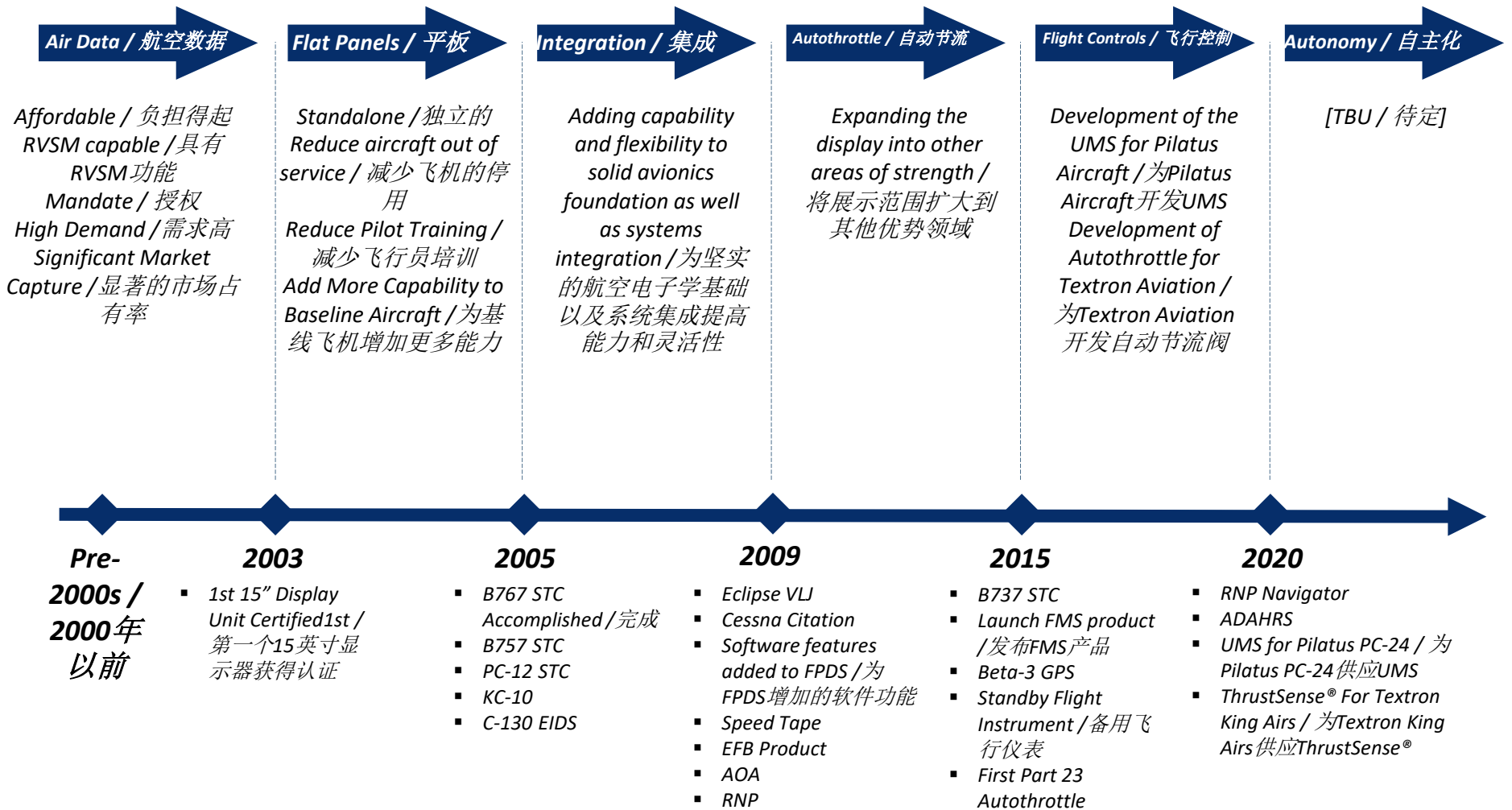
Infrastructure / 基础设施

- ✓ Fully Integrated MRP System from Order Entry to Warranty Support / 从订单输入到保修支持的全面集成MRP系统
- ✓ 100% Inspection, Acceptance Testing, and Environmental Stress Screening of All Final Assemblies / 所有最终组件的100%检查、验收测试和环境应力筛选
- ✓ Personnel Certified to IPC-610 / 获得IPC-610认证的人员
- ✓ Class 100,000 and 10,000 Clean Room Assembly / 100,000级和10,000级无尘室装配
- ✓ AS9100D

Airworthiness Certifications / 适航认证

- ✓ Global Civil Aviation Authority Approvals for Design, Qualification, Production and Repair of High Integrity and Critical Flight Instruments / 全球民航局对高完整性和关键性飞行仪表的设计、鉴定、生产和维修的批准
- ✓ Global Military Approvals for Design, Qualification, Production and Repair of High Integrity and Critical Flight Instruments / 高完整性和关键性飞行仪表的设计、鉴定、生产和维修的全球军事认证
- ✓ Full in-house capability for test and qualification of Software and Hardware to the highest design assurance levels / 具备测试和鉴定软件和硬件的全部内部能力，达到最高的设计保证水平

Product Line Evolution / 产品线演变



100% in-house design, testing and manufacturing / 100%内部设计、测试和制造

Full service integration & repair capabilities / 全面的服务整合和维修能力

Integration expertise that improves customer outcomes / 集成专长改善客户的结果

Subject matter experts on a diverse set of products / 各种产品的问题专家

Selected Avionics Solutions / 精选的航空电子解决方案



Select Control, Navigation & Measurement Systems / 精选的控制、导航和测量系统

ThrustSense® Autothrottle / 自动节流阀

Utilities Management System / 公共设备管理系统

Flight Management Systems / 飞行管理系统

GPS Receiver / GPS接收器

Air Data Instruments / 航空数据仪表

Select Display Systems / 精选的显示器系统

Flat Panel Display / 平板显示器

Integrated Standby Unit / 集成式备用设备

Fuel/Engine Measurement System / 燃料/发动机测量系统

Engine Indicating & Crew Alerting / 发动机指示和机组人员警报

Aerial Refueling Control Display / 空中加油控制显示器

Systems Integration Expertise / 系统集成专长

IS&S's superior system integration expertise is a key differentiator within the market and provides a compelling value its Company's customer base / IS&S卓越的系统集成专长是市场中的一个关键差异化因素，并为公司的客户群提供了令人瞩目的价值。



Improved system performance / 提升系统性能



Ease of Installation / 容易安装



Reduced aircraft downtime during installation / 减少了飞机在安装过程中的停机时间



Reduced system complexity / 降低系统的复杂性

Go-to-Market Strategy / 产品上市策略

Leverage technologies developed for PSC and telecommunications into advanced, affordable aviation industry solutions / 将为PSC和电信开发的技术用于先进的、负担得起的航空业解决方案中

1 *Strategic alliance with an aircraft manufacturer for autonomy utilizing the UMS platform / 与一家飞机制造商结成战略联盟，利用UMS平台实现自主化*

2 *Expand IS&S as a supplier to Business Aviation OEMs through enhancing capabilities of the UMS, initially designed for Pilatus Aircraft PC-24 / 通过提高最初为Pilatus Aircraft PC-24设计的UMS的能力，扩大IS&S作为商务航空原始设备制造商的供应商*

3 *Expand applications of UMS into the military platforms by making it MOSA and FACE compliant as part of the redesign / 作为重新设计的一部分，通过使UMS符合MOSA和FACE的要求，将UMS的应用扩大到军事平台*

4 *Broaden IS&S product lines in cockpit and cabin environments / 在驾驶舱和客舱环境中拓宽IS&S产品系列*

5 *Continuous technology refresh / 持续的技术更新*

6 *Enhance organic growth by strategic acquisitions for cockpit and cabin environments / 通过对驾驶舱和客舱环境的战略收购来提升有机增长*

Utilized a multi-pronged approach to drive long-term shareholder values / 利用多管齐下的方法来推动长期的股东价值



Organic Growth / 有机增长

- 1) Grow aftermarket Autothrottle and cockpit upgrade sales through IS&S installed system offering with our approved Mobile Installation Teams / 通过IS&S提供的安装系统和我们认可的移动安装团队，增加售后市场的自动节流阀和驾驶舱升级销售
- 2) Develop advanced UMS system with increasing functionality leading to Autonomous flight partnering with an UAS OEM / 与UAS原始设备制造商合作，开发先进的UMS系统，增加功能，实现自主飞行
- 3) Team with Prime Integrators as appropriate to capture sales of display systems and air data equipment for Military aircraft / 酌情与主要集成商合作，以获得军用飞机显示系统和空中数据设备的销售
- 4) Maximize commercial air transport retrofit revenues by reducing system cost through obsolescence redesign / 通过陈旧设备的重新设计，降低系统成本，使商业航空运输的改造收入最大化
- 5) Provide the pilot with higher levels of automation for workload reduction and increased safety that would ultimately lead to autonomy / 为飞行员提供更高水平的自动化，以减少工作量，提高安全性，最终实现自主化。



Inorganic Growth / 无机增长

- 1) Selectively capitalize on opportunities to acquire product line or companies / 有选择地利用机会，收购产品线或公司
- 2) Synergetic product and/or company acquisitions with the following ideal criteria: / 收购具有以下理想标准的协同产品和/或公司：
 - a) Cockpit based avionics products / 基于驾驶舱的航空电子产品
 - b) Cabin based electronics products / 基于机舱的电子产品
 - c) Fully integrates into Exton operations / 完全融入到Exton的业务中
 - d) Positive DCF on invested cash due to efficiencies gained with more volume utilizing same overhead with existing infrastructure (1+1=3) / 投资现金的DCF为正数，因为利用现有基础设施的相同开销，获得了更多数量带来的更高效率 (1+1=3)
 - e) OEM content preferred / 优先选择原始设备制造商内容
 - f) Products with growth potential preferred / 优先选择有增长潜力的产品
 - g) Repair and overhaul opportunity is also desired / 也希望有修理和大修的机会

Autonomous Flight Highlights / 自主飞行亮点

- Air Mobility full scale success relies on autonomous flight / 空中交通的全面成功依赖于自主飞行
- Simplified Interface Operations will also require autonomous technology so that “anybody can fly” / 简化的界面操作也将需要自主技术，以便“任何人都可以飞行”
- Longer term potential to have total immunity from pilot shortages / 较长期的潜力，完全不受飞行员短缺的影响
- 10-year market estimates well over billions of dollars regardless of the market research source / 无论是哪个市场研究来源都预测，10年的市场规模估计远远超过数十亿美元
- Global players of varying size have significant levels of investment and strategy devoted to this emerging market / 全球不同规模的企业都对这一新兴市场进行了大量的投资和战略投入



- Autonomous flight driven by enhanced level of safety, reliability, and scale / 安全性、可靠性和规模水平的提高推动自主飞行
- Passenger carrying Autonomous Aircraft is the ultimate industry goal / 载客自主飞行飞机是行业的终极目标
- A popular near-term strategy among Part 135 operators is to eliminate the need for second pilot / 在Part 135运营中，一个普遍的近期战略是消除对第二位飞行员的需求
- Elements of autonomy have already transitioned into small aircraft market space via “Autoland” in emergency use only / 自主化的元素已经通过“自动降落”过渡到小型飞机的市场空间，只在紧急情况下使用。
- Ultimately a fully Autonomous, Certified-Fail-Safe system would replace the pilot function / 最终，一个完全自主的、经过认证的故障安全系统将取代飞行员功能



Initial phase is a highly marketable product with attractive ROI for operators and OEMS /
初始阶段是一个高度有销路的产品，对运营商和原始设备制造商来说具有吸引力的投资回报率。

Initial Phase / 初始阶段

Develop and certify an autonomous flight control system, guided from a ground station replacing the co-pilot in Part 135 and 121 operations / 开发并认证自主飞行控制系统，在Part 135和121操作中，由地面站引导取代副驾驶。

The system would allow for optionally piloting the aircraft and finally certified to include aiding from a ground station pilot / 该系统将允许选择性地驾驶飞机，并最终认证为包括来自地面站飞行员的辅助

We would merge the UMS with the Eclipse Display system and add flight control laws to increase level of automation / 我们将把UMS与Eclipse显示系统合并，并增加飞行控制法，以提高自动化水平

The final version will include technology for secure communications with ground to avoid unauthorized access to the flight controls / 最终版本将包括与地面安全通信的技术，以避免未经授权进入飞行控制

Once certified, the system can be implemented for a single pilot operation on Air Taxi, Charter and any Part 25 aircraft including cargo and passenger airline operations / 一旦获得认证，该系统可以在空中出租车、包机和任何Part 25飞机上实施单一飞行员操作，包括货运和客运航空业务

Final Phase / 最终阶段

Develop and certify an autonomous flight control system guided from a ground station replacing the pilot and co-pilot in all aircraft / 开发并认证一个由地面站引导的自主飞行控制系统，以取代所有飞机上的飞行员和副驾驶

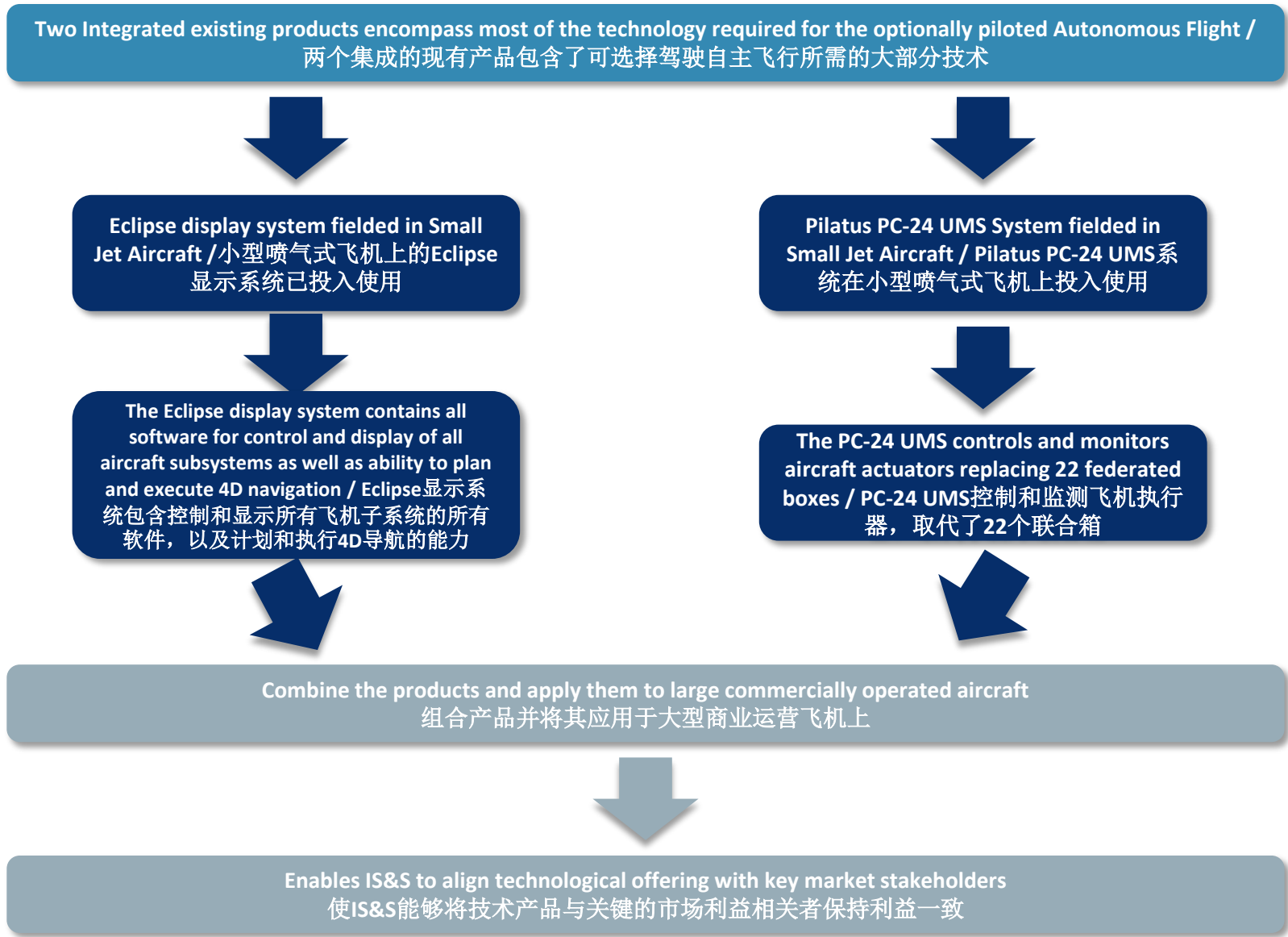
The system would build on the Ground Assist by adding vision and LiDAR sensors to assist it make critical landing phase decisions / 该系统将在地面辅助系统的基础上，增加视觉和LiDAR传感器，以协助其做出关键的着陆阶段决定

A.I. will be utilized to train the system for higher fidelity decisions / 将利用人工智能来训练系统，以获得更高的保真度决策

Once the system is fully proven out for all emergency conditions, it will go through the rigorous certification process / 一旦该系统在所有紧急情况下得到充分验证，它将通过严格的认证程序

Once certified, the system can be implemented for a ground pilot monitoring and controlling the aircraft with no pilot in the cockpit / 一旦通过认证，该系统可以实现地面飞行员监测和控制飞机，驾驶舱内没有飞行员

Similar to today's Drone operations / 类似于今天的无人机操作



Initial Phase / 初始阶段

- ✓ Fully Autonomous Flight Control / 完全自主飞行控制
- ✓ Secure Data Communication / 安全数据通信
- ✓ High Speed Datalinks / 高速数据链
- ✓ Integrated Sensor Fusion / 集成式传感器融合

Controls / 控制	Pilot	Copilot / 副驾驶员
Present / 目前	Pilot / 飞行员	Copilot / 副驾驶员
Phase 1 / 第一阶段	Pilot / 飞行员	Remote Copilot / 远程副驾驶员
Phase 2 / 第二阶段	Computer / 计算机	Remote Copilot / 远程副驾驶员




- **Flight Computer / 飞行计算机**
 - Update UMS / 更新UMS
 - Port Eclipse Software to New UMS / 将Eclipse软件安装到新的UMS
 - Add Autopilot Software / 增加自动驾驶软件

- **Autonomous Flight Computer / 自主飞行计算机**
 - Secure Data Communication / 安全数据通信
 - High Speed Data Links / 高速数据链
- **Ground Control Station to Assist Flying Pilot in Emergencies / 地面控制站在紧急情况下协助飞行的飞行员**


- **Full Autonomy Computer / 完全自主化计算机**
 - Additional Flight Test / 更多飞行测试
 - Artificial Decision Making / 人为决策
 - Certification of Fully Autonomous Flight / 完全自主飞行的认证

 20.4% sales growth in 2022 – fourth consecutive year of growth / 2022年销售额增长20.4% - 连续第四年增长

 30.5% Gross Profit growth in 2022 due to operating leverage achieved on account of increased sales / 2022年毛利润增长30.5%，原因是销售增长带来的经营杠杆作用

 60.1% Gross Profit as a percent to sales / 毛利润在销售额中的占比为60.1%

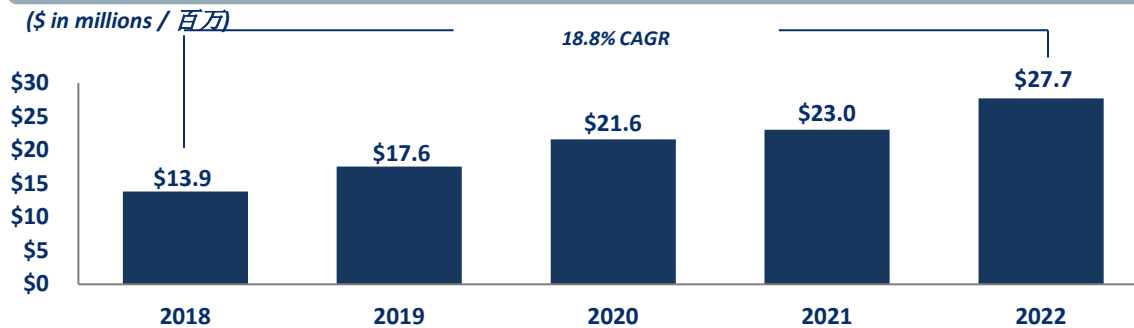
 Operating Income increase of 54.5% in 2022 / 2022年，营业收入增长54.5%

 EPS increase of \$0.03 from \$0.29 in 2021 vs \$0.32 in 2022, based on weighted average shares of 17,256,750 and year-end-shares outstanding of 17,316,213 / 基于17,256,750股的加权平均股数和17,316,213股的年终流通股数，2021年的每股盈余为\$0.29，2022年为\$0.32，增加\$0.03。

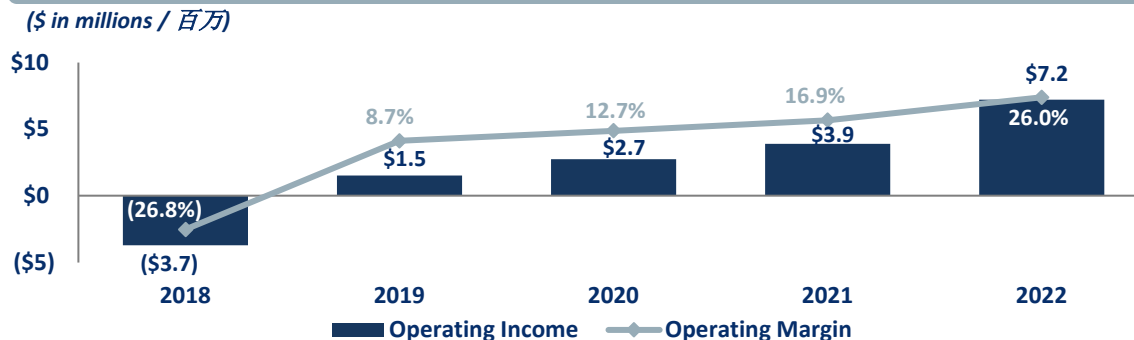
 Plant utilization currently only approximately 33%, indicating room for growth and further leverage / 工厂利用率目前只有约33%，表明有增长和进一步利用的空间

Financial Overview / 财务状况概述

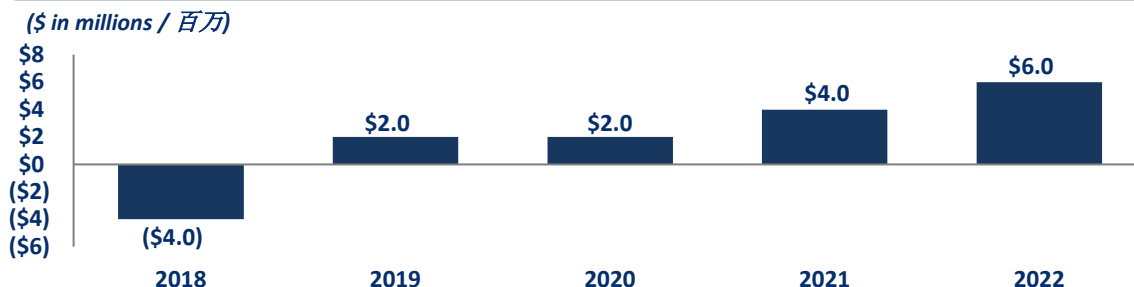
Revenue Trends (FY2018 — FY2022) / 营收趋势 (2018财年-2022财年)



Operating Trends (FY2018 — FY2022) / 运营趋势 (2018财年-2022财年)



Free Cash Flow Trend (FY2018 — FY2022) / 自由现金流趋势 (2018财年-2022财年)



Management Commentary / 管理层评论

- IS&S has seen continued revenue growth over the last 5 years driven by: /在过去5年中, IS&S的营收持续增长, 其驱动力是:
 - Diverse product portfolio / 多元化的产品组合
 - Strengthening relationships and penetration within OEM accounts / 加强在原始设备制造商客户中的关系和渗透
 - Ability to win against competitors / 赢得竞争对手的能力
 - Expanding through new product introductions / 通过引进新产品进行扩张
- 5-year revenue CAGR of 14.9% underscores strength of platform / 5年的营收年复合增长率为14.9%, 突显了平台的实力
- Strong operating income improvement driven by: / 强劲的运营收入提升由以下因素推动:
 - Ability to pass through raw material cost increases / 有能力转嫁原材料成本的上涨
 - Increased capacity utilization, resulting in increased absorption of operating costs through COGS / 提高产能利用率, 导致通过COGS吸收更多的运营成本
 - Operating leverage created through sales growth / 通过销售增长创造经营杠杆
 - Process efficiencies achieved / 实现了工艺效率的提高
 - Favorable product mix / 有利的产品结构
- Strong cash position enables the company to execute on organic and in-organic growth opportunities / 强大的现金基础使公司能够抓住有机和无机增长机会
- As of September 30, 2022: / 截止2022年9月30日:
 - Cash & cash equivalents of \$17.3 million, more than double compared to the prior-year / 现金及现金等价物为\$1730万, 比前一年增长一倍多
 - \$6.1 million generated in free cash flows / 自由现金流产生了\$610万
 - \$2.6 million of cash generated from investing activities / 投资活动产生了\$260万现金
- IS&S has no long-term debt / IS&S无长期债务



Autonomous Flight is the Future of IS&S / 自主飞行是IS&S的未来