

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☐ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended

OR

☒ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from October 1, 2017 to December 31, 2017

Commission file number: 0-147

HICKOK INCORPORATED

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of incorporation or organization)

34-0288470

(I.R.S. Employer Identification No.)

10514 Dupont Avenue, Cleveland, Ohio

(Address of principal executive offices)

44108

(Zip Code)

Registrant's telephone number **(216) 541-8060**

Securities registered pursuant to

Section 12(b) of the Act:

NONE

Securities registered pursuant to Section 12(g) of the Act:

Class A Common Shares, without par value

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. **Yes** ☐ **No** ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. **Yes** ☐ **No** ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes** ☒ **No** ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. **X**

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>
	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). **Yes ☐ No ☒**

As of June 30, 2017, the Registrant had 2,105,599 voting shares of Class A Common Stock outstanding and 773,616 voting shares of Class B Common Stock outstanding. As of such date, non-affiliates held 640,070 shares of Class A Common Stock and 10,056 shares of Class B Common Stock. As of June 30, 2017, based on the closing price of \$2.75 per Class A Common Share on the Over The Counter Bulletin Board, the aggregate market value of the Class A Common Stock held by such non-affiliates was approximately \$1,760,193. There is no trading market in the shares of Class B Common Stock.

As of January 31, 2018, 2,114,886 shares of Class A Common Stock and 773,616 shares of Class B Common Stock were outstanding.

Documents Incorporated by Reference:

Portions of the Registrant's Definitive Proxy Statement to be filed in connection with its 2018 Annual Meeting of Shareholders are incorporated by reference into Part III (Items 10, 11, 12, 13 and 14) of this report.

Except as otherwise stated, the information contained in this Form 10-K is as of December 31, 2017.

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PART I

ITEM 1. BUSINESS.

Change in Fiscal Year End

On September 19, 2017, the Board of Directors of the Company approved a change in the Company's fiscal year end, moving from September 30 to December 31 of each year. This Form 10-K is a Transition Report and includes financial information from October 1, 2017 to December 31, 2017 (the "2017 Transition Period"). For comparative purposes, an unaudited consolidated statement of operations and unaudited consolidated statement of cash flows are included for the period October 1, 2016 to December 31, 2016, (the "2016 Transition Period"). The 2016 Transition Period has not been audited and is derived from the books and records of the Company. In the opinion of management, the 2016 Transition Period reflects all adjustments necessary to present the financial position and the results of operations in accordance with generally accepted accounting principles. References to any of the Company's "fiscal years" mean the fiscal year ending September 30 of that calendar year.

General Development of Business

Hickok Incorporated was founded in 1910 and organized in 1915 as an Ohio corporation, and first offered its securities to the public in 1959. Except as otherwise stated, the terms "Company" or "Hickok" as used herein mean Hickok Incorporated and its wholly-owned subsidiaries, Supreme Electronics Corp., Federal Hose Manufacturing LLC, and Hickok AE LLC, doing business as Air Enterprises. Hickok is a publicly traded holding company serving diverse markets, including healthcare, education, automotive, aerospace, trucking, and petrochemical.

The Company operates three reportable business segments: (1) Test and Measurement, (2) Industrial Hose and (3) Commercial Air Handling.

The Test and Measurement segment is the legacy business that existed prior to 2016. This business segment includes electronic testing products designed and manufactured for the automotive and trucking industries. It also includes indicators and gauges for the locomotive and aircraft industries. The automotive diagnostic products are sold to original equipment manufacturers and to the aftermarket under several brand names and through a variety of distribution methods. In the aircraft industry, primary customers are manufacturers of commercial, military and personal airplanes. In the locomotive industry, indicators and gauges are sold to manufacturers and servicers of railroad equipment and locomotives.

The Industrial Hose segment was added on July 1, 2016, when the Company purchased the assets of the Federal Hose business in Painesville, Ohio. This business segment includes the manufacture of flexible interlocking metal hoses and the distribution of silicone hoses. Metal hoses are sold primarily to major heavy-duty truck manufacturers and major aftermarket suppliers in North America. Metal hoses are also sold into the agricultural, industrial and petrochemical markets. Silicone hoses are distributed to a number of industries in North America, including agriculture and general industrial markets.

The Commercial Air Handling segment was added on June 1, 2017, when the Company purchased certain assets and assumed certain liabilities of Air Enterprises Acquisition LLC in Akron, Ohio. The acquired business, which operates under the name Air Enterprises, is an industry leader in designing, manufacturing and installing large-scale commercial, institutional, and industrial custom air handling solutions. Its customers are typically in the health care, education, pharmaceutical and industrial manufacturing markets in the United States. This segment also sells to select international markets. The custom air handling units are constructed of non-corrosive aluminum, resulting in sustainable, long-lasting, and energy efficient solutions with life expectancies of 50 years or more. These products are distributed through a network of sales representatives, based on relationships with health care networks, building contractors and engineering firms. The custom air handling equipment is designed, manufactured and installed under the brand names FactoryBilt® and SiteBilt®. FactoryBilt® air handling solutions are designed, fabricated and assembled in a vertically integrated process entirely within the Akron, Ohio facility. SiteBilt® air handling solutions are designed and fabricated in Akron, but are then crated and shipped to the field and assembled on-site.

Sources and Availability of Raw Materials

Raw materials essential to the business segments are acquired from a large number of domestic manufacturers and some materials are purchased from European and Southeast Asian sources.

In the Test and Measurement segment, materials acquired from the electronic components industry include transistors, integrated circuits, resistors, capacitors, switches, potentiometers, micro controllers, and other passive parts. Fabricated metal or plastic parts are generally purchased from local suppliers or manufactured by the Company from raw materials. In general, the required materials are available, if ordered with sufficient lead times, from multiple sources at current prices.

The Industrial Hose segment uses various materials in the manufacture of its products, including steel fittings and hose packing consisting of silicone, cotton and copper wire. Two suppliers provide over 50% of inventory purchases in this segment. If any one of these sources of supply were interrupted for any reason, the Company would need to devote additional time and expense in obtaining the same volume of supply from its other qualified sources.

Aluminum, the major raw material used in construction of the Commercial Air Handling units, is sourced from one major supplier but is generally readily available from other sources. Copper is used by suppliers of a major component used in the product and the Company maintains relationships with three suppliers of these components to limit vulnerability. The Company maintains relationships with multiple suppliers for most of the other componentry used in assembly of the product, in order to maintain best costs for material and competitive lead times. The majority of materials for this segment are sourced domestically or from Canada.

The Company believes it has adequate sources of supply for its primary raw materials and components and has not had difficulty in obtaining the raw materials, component parts or finished goods from its suppliers.

Importance of Patents, Licenses, Franchises, Trademarks and Concessions

The Company presently has several patents that relate to several of its products. The Company believes that its position in the industry is dependent upon its present level of engineering skill, research, sales relationships, production techniques and service. The Company has several basic methodology patents related to products it offers that it considers very important to future revenue for certain products and services in its Test and Measurement segment. Of the Company's most critical patents, one is related to the testing of evaporative emissions systems that was the basis for the Company's product offering for the State of California. This patent expires in the year 2022. Another critical patent is related to vehicle fuel cap testing which expires in 2018. The Company monitors the marketplace for infringement of its patents and intends to pursue its rights should an infringement take place. Other than the names "Hickok," "Waekon," "Federal Hose" and "Air Enterprises" and the FactoryBilt® and SiteBilt® registered trademarks, the Company does not have any material licenses, franchises or concessions.

Seasonality

The Company believes that there is a seasonality to the automotive aftermarket revenues. Typically, the first and fourth quarters of the calendar year tend to be weaker than the other two quarters in this market. Orders from original equipment manufacturers and for emissions testing products are primarily subject to customer timing requirements and have no known seasonality aspect to them. As a result, operating results can fluctuate from quarter to quarter and year to year. In light of the markets served by its products, the Company does not believe that its Industrial Hose or Commercial Air Handling businesses are seasonal in nature.

Dependence on Single or Few Customers

For the three months ended December 31, 2017, sales to two customers in the Commercial Air Handling segment were 22% of consolidated sales of the Company. In fiscal year 2017, there were no sales to any one customer greater than 10% of consolidated sales of the Company. Revenue in fiscal year 2016 to one customer was approximately \$1.3 million or 20% of the consolidated sales of the Company and was directly related to the acquisition of the Industrial Hose segment. In fiscal year 2015, sales to the customer Bosch amounted to approximately \$2.2 million or 37% of the consolidated sales of the Company, which at the time consisted of only the Test and Measurement segment. The Company does not have exclusive supply agreements or long-term contractual relationships with these large customers.

Competitive Conditions

The Company is engaged in highly competitive industries and faces competition from domestic and international firms. Competition with respect to the Test and Measurement business arises from the existence of a number of other significant manufacturers in the field, which dominate the available market in terms of total sales. The Company believes that its competitive position in this segment is in the area of smaller, specialized products, an area in which the Company has operated and in which the Company has established itself competitively by offering high-quality, high-performance products. Competition in the Industrial Hose segment comes from domestic and international suppliers. The Company believes that its products in this segment are largely commodities, but the Company is differentiated by a well-known brand name and excellent customer service. Competition in the Commercial Air Handling segment comes from both custom and non-custom air handling solution manufacturers. The Company believes that it has a strong competitive position due to the high quality and long life of the Company's customized aluminum air handling solutions.

Research and Development Activities

The Company expensed product development costs of \$0.1 million in the three-month period ending December 31, 2017, \$0.8 million in fiscal 2017, \$1.1 million in fiscal 2016, and \$1.0 million in fiscal 2015. These expenditures included engineering product support and development of manuals for the Company's Test and Measurement business segment. The research and development costs of the Industrial Hose and Commercial Air Handling segments are minimal and not separated from other operating costs of the segments.

Number of Persons Employed

Total employment by the Company at December 31, 2017 and September 30, 2017 was 200 full-time employees which represents an increase from 95 employees from fiscal 2016.

Financial Information Concerning Foreign and Domestic Operations and Export Sales

During the three-month period ended December 31, 2017 and fiscal 2017, all manufacturing, research and development and administrative operations were conducted in the United States of America. Revenues derived from export sales totaled approximately \$1.5 million during the three-month period ended December 31, 2017, \$1.1 million in fiscal 2017, \$0.1 million in fiscal 2016, and \$0.2 million in fiscal 2015. Shipments to Canada, India, Mexico, Poland and Saudi Arabia make up the majority of export sales.

Available Information

The Company's Internet address is <http://www.hickok-inc.com>. Hickok makes available free of charge on or through its website its transition report on Form 10-K/T, annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 12(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after the Company electronically files such materials with, or furnishes it to, the Securities and Exchange Commission (the "SEC"). The SEC maintains an Internet site that contains these reports at www.sec.gov.

ITEM 1A. RISK FACTORS.

The following are certain risk factors that could affect our business, results of operations and financial condition. These risks are not the only ones we face. If any of the following risks occur, our business, results of operations or financial condition could be adversely affected.

The industries in which we operate are affected by the economy in general.

We may experience substantial increases and decreases in business volume throughout economic cycles. Industries we serve, including the automotive and vehicle parts, heavy-duty truck, industrial equipment, aircraft and locomotive, health care, education, pharmaceutical, industrial manufacturing, agricultural, and petrochemical industries are affected by consumer spending, general economic conditions and the impact of international trade. A downturn in any of the industries we serve could have a material adverse effect on our financial condition, liquidity and results of operations.

Adverse credit market conditions may significantly affect our access to capital, cost of capital and ability to meet liquidity needs.

Disruptions, uncertainty or volatility in the credit markets may adversely impact our ability to access credit already arranged and the availability and cost of credit to us in the future. These market conditions may limit our ability to replace, in a timely manner, maturing liabilities and access the capital necessary to grow and maintain our business. Accordingly, we may be forced to delay raising capital or pay unattractive interest rates, which could increase our interest expense, decrease our profitability and significantly reduce our financial flexibility. Longer-term disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives or failures of significant financial institutions could adversely affect our access to liquidity needed for our business. Any disruption could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged. Such measures could include deferring capital expenditures or other discretionary uses of cash. Overall, our results of operations, financial condition and cash flows could be materially adversely affected by disruptions in the credit markets.

Adverse global economic conditions may have significant effects on our customers that would result in our inability to borrow or to meet our fixed charge coverage ratio in our revolving credit facility.

As of December 31, 2017, we were in compliance with our fixed charge coverage ratio covenant and other covenants contained in our revolving credit facility. While we expect to remain in compliance throughout 2018, declines in sales volumes could adversely impact our ability to remain in compliance with certain of these financial covenants. Additionally, to the extent our customers are adversely affected by a decline in the economy in general, they may not be able to pay their accounts payable to us on a timely basis or at all, which would make the accounts receivable ineligible for purposes of the revolving credit facility and could reduce our borrowing base and our ability to borrow.

We are dependent on key customers.

We rely on several key customers. For the three months ended December 31, 2017, our ten largest customers accounted for approximately 50% of our net sales. For the fiscal 2017, our ten largest customers accounted for approximately 37% of our net sales. Due to competitive issues, we have lost key customers in the past and may again in the future. Customer orders are dependent upon their markets and may be subject to delays or cancellations. As a result of dependence on our key customers, we could experience a material adverse effect on our business and results of operations if any of the following were to occur:

- the loss of any key customer, in whole or in part;
- the insolvency or bankruptcy of any key customer;
- a declining market in which customers reduce orders or demand reduced prices; or
- a strike or work stoppage at a key customer facility, which could affect both their suppliers and customers.

If any of our key customers become insolvent or file for bankruptcy, our ability to recover accounts receivable from that customer would be adversely affected and any payments we received in the preference period prior to a bankruptcy filing may be potentially forfeitable, which could adversely impact our results of operations.

We may not realize the improved operating results that we anticipate from past and recent acquisitions or from acquisitions we may make in the future and we may experience difficulties in integrating the acquired businesses or may inherit significant liabilities related to such businesses.

We explore opportunities to acquire businesses that we believe are related to our core competencies from time to time, some of which may be material to us. We expect such acquisitions will produce operating results consistent with our other operations; however, we may be unable to achieve the benefits expected to be realized from our acquisitions. In addition, we may incur additional costs and our management's attention may be diverted because of unforeseen expenses, difficulties, complications, delays and other risks inherent in acquiring businesses.

Future claims, litigation and regulatory actions could adversely affect our financial condition and our ability to conduct our business.

While we strive to ensure that our products comply with applicable government regulatory standards and internal requirements and that our products perform effectively and safely, customers from time to time could claim that our products do not meet contractual requirements, and users could be harmed by use or misuse of our products. This could give rise to breach of contract, warranty or recall claims, or claims for negligence, product liability, strict liability, personal injury or property damage. Product liability insurance coverage may not be available or adequate in all circumstances. In addition, claims may arise related to patent infringement, environmental liabilities, distributor terminations, commercial contracts, antitrust or competition law, employment law and employee benefits issues and other regulatory matters. While we have in place processes and policies to mitigate these risks and to investigate and address such claims as they arise, we cannot predict the underlying costs to defend or resolve such claims.

Our business operations could be significantly disrupted if members of our senior management team were to leave.

Our success depends to a significant degree upon the continued contributions of our senior management team. Our senior management team has extensive marketing, sales, manufacturing, finance and engineering experience, and we believe that the depth of our management team is instrumental to our continued success. The loss of any of our key managers in the future could significantly impede our ability to successfully implement our business strategy, financial plans, expansion of services, marketing and other objectives.

We may be subject to risks relating to our information technology systems.

We rely on information technology systems to process, transmit and store electronic information and manage and operate our business. While we have implemented security measures designed to prevent and mitigate the risk of such breaches, a breach in security could expose us and our customers and suppliers to risks of misuse of confidential information, manipulation and destruction of data, production downtimes and operations disruptions, which in turn could negatively affect our reputation, competitive position, business, results of operations or cash flows.

Unforeseen future events may negatively impact our economic condition.

Future events may occur that would adversely affect the reported value of our assets. Such events may include, but are not limited to, strategic decisions made in response to changes in economic and competitive conditions, the impact of the economic environment on our customer base, or a material adverse change in our relationship with significant customers.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not Applicable.

ITEM 2. PROPERTIES.

The Company operates facilities in the United States of America as shown below:

<u>LOCATION</u>	<u>SIZE</u>	<u>DESCRIPTION</u>	<u>OWNED OR LEASED</u>
Cleveland, Ohio	37,000 Sq. Ft.	Two-story brick construction; used for corporate administrative headquarters, marketing and product development with limited manufacturing.	Owned
Greenwood, Mississippi	63,000 Sq. Ft.	One-story modern concrete block construction; used for manufacturing instruments, test equipment, and fastening systems products.	Leased, with annual renewal options extending through 2061.
Painesville, Ohio	50,000 Sq. Ft.	One-story modern metal and concrete block; used for manufacturing flexible metal hose and administration.	Leased, through 2026.
Akron, OH	100,000 Sq. Ft.	Two-story modern concrete block construction; used for design and manufacturing air handling units and administration	Leased through 2024, with renewal options extending through 2034.

The Company's Test and Measurement segment utilizes the Cleveland, Ohio and Greenwood, Mississippi properties. The Company's Industrial Hose segment utilizes the Painesville, Ohio property. The Company's Commercial Air Handling segment utilizes the Akron, Ohio property.

ITEM 3. LEGAL PROCEEDINGS.

Hickok AE LLC (dba Air Enterprises), a wholly owned subsidiary of Hickok Incorporated, was named as a defendant in a lawsuit filed in Superior Court in Quebec, Canada by Carmichael Engineering Ltd. of Quebec ("Carmichael"). Carmichael's lawsuit seeks payment of invoices for materials and services it allegedly provided to Air Enterprises prior to the Company's acquisition and relating to a third-party cooling system. The Company believes the claims have been improperly brought against Hickok. The Company denies the allegations and will vigorously defend the claims brought against it. The Company cannot predict the outcome of the above matters or estimate the possible loss or range of loss, if any. Management believes that the allegations are without merit and that the ultimate resolution of these matters will not have a material adverse effect on the consolidated financial condition, results of operations or cash flow of the Company.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

ITEM 4A. EXECUTIVE OFFICERS OF REGISTRANT.*

The following is a list of the executive officers of the Company. The executive officers are elected each year and serve at the pleasure of the Board of Directors.

Mr. Brian E. Powers was elected to the Company's Board of Directors in February 2014 and became Chairman in July 2015. He was appointed Chief Executive Officer on September 1, 2016.

Mrs. Kelly J. Marek was elected Vice President Finance and Chief Financial Officer in December 2016.

OFFICE	OFFICER	AGE
Chairman and Chief Executive Officer	Brian E. Powers	54
Vice President Finance and Chief Financial Officer	Kelly J. Marek	47

*The description of Executive Officers called for in this Item is included pursuant to Instruction 3 to Section (b) of Item 401 of Regulation S-K.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.****a) MARKET INFORMATION**

During the three-month period ending December 31, 2017 and fiscal 2017 the Registrant's A Common Shares were traded on the Over-The-Counter Pink Sheets under the symbol HICKA. There is no market for the Registrant's Class B Common Shares.

The following table sets forth the per share range of high and low bids (Over-The-Counter Pink Sheets) for the Registrant's Class A Common Shares for the periods indicated. The Over-The-Counter Pink Sheet prices reflect inter-dealer prices without retail mark-up, mark-down or commissions and may not represent actual transactions.

	HIGH	LOW		
Quarter ended December 31, 2017	\$ 15.00	\$ 7.10		
	Fiscal year ended September 30, 2017		Fiscal year ended September 30, 2016	
	HIGH	LOW	HIGH	LOW
First Quarter	\$ 3.44	\$ 1.40	\$ 1.35	\$ 0.75
Second Quarter	5.00	1.75	1.96	1.00
Third Quarter	5.90	2.75	2.35	1.40
Fourth Quarter	9.50	4.50	2.00	1.40

b) HOLDERS

As of January 31, 2018, there were approximately 173 shareholders of record of the Company's outstanding Class A Common Shares and 6 holders of record of the Company's outstanding Class B Common Shares.

c) DIVIDENDS

In the three-month periods ended December 31, 2017 and 2016 and in fiscal 2017, 2016 and 2015 the Company paid no dividends on either of its Class A or Class B Common Shares. Pursuant to the Company's Amended Articles of Incorporation, no dividends may be paid on Class B Common Shares until cash dividends of ten cents per share per fiscal year are paid on Class A Common Shares. Any determination to pay cash dividends in the future will be at the discretion of the Board of Directors after taking into account various factors, including the Company's financial condition, results of operations and current and anticipated cash needs.

ITEM 6. SELECTED FINANCIAL DATA.

	Three Months Ended December 31,		Fiscal Years Ended September 30,				
	2017	2016 (unaudited)	2017	2016	2015	2014	2013
(In Thousands of Dollars, except per share amounts)							
Net Sales	\$ 11,754	\$ 2,357	\$ 23,817	\$ 6,646	\$ 5,853	\$ 6,306	\$ 6,466
Net Income (Loss)	\$ 510	\$ (314)	\$ 1,408	\$ 4,633	\$ (122)	\$ 8	\$ 139
Working Capital	\$ 9,236	\$ 5,419	\$ 9,611	\$ 5,419	\$ 2,797	\$ 2,809	\$ 2,442
Total Assets	\$ 26,884	\$ 15,807	\$ 25,962	\$ 15,435	\$ 3,867	\$ 3,700	\$ 3,505
Long-term Debt	\$ 8,491	\$ 4,421	\$ 10,256	\$ 4,734	\$ 540	\$ 435	\$ -0-
Total Stockholders' Equity	\$ 10,398	\$ 8,028	\$ 9,888	\$ 8,353	\$ 2,637	\$ 2,759	\$ 2,748
Net Income (Loss) Per Share							
Basic	\$ 0.18	\$ (0.11)	\$ 0.49	\$ 2.38	\$ (0.07)	\$ 0.01	\$ 0.09
Diluted	\$ 0.16	\$ (0.11)	\$ 0.46	\$ 2.36	\$ (0.07)	\$ 0.01	\$ 0.09
Stockholders' Equity							
Per Share:	\$ 3.60	2.81	\$ 3.44	4.3	1.61	\$ 1.68	1.71
Return on Sales	4.3%	13.3%	5.9%	69.7%	(2.1%)	0.1%	2.1%
Return on Assets	1.9%	2%	5.4%	30%	(3.2%)	0.2%	4%
Return on Equity	4.9%	3.9%	14.2%	55.5%	(4.6%)	0.3%	5.1%
Closing Stock Price	\$ 10.49	\$ 3.44	\$ 9.40	\$ 1.80	\$ 1.00	\$ 2.11	\$ 2.04

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Summary

The Company historically operated two divisions: 1) indicators and gauges that sell primarily to companies in the aircraft and locomotive industries and 2) automotive diagnostic tools and equipment that sell to original equipment manufacturers, (OEMs), and the aftermarket. These divisions are now being reported as the Test and Measurement segment. The Company now operates in three reportable segments described in the reportable segment information below.

Expense Control

Management continues to monitor its expense reduction initiatives implemented and revised from time to time. The Company recently reduced employee count and expenses and replaced several internal functions with external service providers.

Reportable Segment Information

The Company is required to report segment information disclosures based on how management evaluates operating performance and resource allocations. The Company has determined that it has three reportable segments: 1) Test and Measurement, 2) Industrial Hose, and 3) Commercial Air Handling.

The Test and Measurement segment is the legacy business that existed prior to 2016. This business segment includes electronic testing products designed and manufactured for the automotive and trucking industries. It also includes indicators and gauges for the locomotive and aircraft industries. The automotive diagnostic products are sold to original equipment manufacturers and to the aftermarket under several brand names and through a variety of distribution methods. In the aircraft industry, primary customers are manufacturers of commercial, military and personal airplanes. In the locomotive industry, indicators and gauges are sold to manufacturers and servicers of railroad equipment and locomotives.

The Industrial Hose segment was started on July 1, 2016, when the Company purchased the assets of the Federal Hose business in Painesville, Ohio. This business segment includes the manufacture of flexible interlocking metal hoses and the distribution of silicone hoses. Metal hoses are sold primarily to major heavy-duty truck manufacturers and major aftermarket suppliers in North America. Metal hoses are also sold into the agricultural, industrial and petrochemical markets. Silicone hoses are distributed to a number of industries in North America, including agriculture and general industrial markets.

The Commercial Air Handling segment was added on June 1, 2017, when the Company purchased certain assets and assumed certain liabilities of Air Enterprises Acquisition LLC in Akron, Ohio. The acquired business, which operates under the name Air Enterprises, is an industry leader in designing, manufacturing and installing large-scale commercial, institutional, and industrial custom air handling solutions. Its customers are typically in the health care, education, pharmaceutical and industrial manufacturing markets in the United States. This segment also sells to select international markets. The custom air handling units are constructed of non-corrosive aluminum, resulting in sustainable, long-lasting, and energy efficient solutions with life expectancies of 50 years or more. These products are distributed through a network of sales representatives, based on relationships with health care networks, building contractors and engineering firms. The custom air handling equipment is designed, manufactured and installed under the brand names FactoryBilt® and SiteBilt®. FactoryBilt® air handling solutions are designed, fabricated and assembled in a vertically integrated process entirely within the Akron, Ohio facility. SiteBilt® air handling solutions are designed and fabricated in Akron, but are then crated and shipped to the field and assembled on-site.

Results of Operations

Three Months Ended December 31, 2017 Compared with Three Months Ended December 31, 2016

Sales for the three months ended December 31, 2017 increased to \$11.8 million or 399% from the three months ended December 31, 2016 sales of \$2.4 million. \$9.0 million of the \$9.4 million increase is attributed to the acquisition of the Commercial Air Handling segment in June 2017. The Test and Measurement segment had an increase in sales of \$0.3 million in the three months ended December 31, 2017 as compared to the three months ended December 31, 2016. Sales for the Industrial Hose segment remained flat at \$1.6 million.

In the three months ended December 31, 2017, cost of sales was \$8.5 million with a gross margin of 27% compared to cost of sales of \$1.8 million and gross margin of 25% in the three months ended December 31, 2016. \$7.0 million of the \$6.8 million increase is attributed to the acquisition of the Commercial Air Handling segment in June 2017. Cost of sales in the Industrial Hose segment of \$1.0 million decreased by \$0.1 million compared to the three months ended December 31, 2016. Cost of sales in the Test and Measurement segment of \$0.5 million decreased by \$0.1 million compared to the three months ended December 31, 2016.

Product development expenditures relate solely to the Test and Measurement segment. Product development expenditures in the three months ended December 31, 2017 were \$0.1 million or 1% of sales compared to \$0.2 million or 10% of sales, respectively, in the three months ended December 31, 2016. The percentage decrease between the three months December 31, 2017 and 2016 was due to the acquisition of Commercial Air Handling segments in June 2017. The dollar decrease between the three months ended December 31, 2017 and 2016 was primarily due to employee reductions.

Selling, general and administrative (SG&A) expenses were \$1.8 million or 15% of sales in the three months ended December 31, 2017, and \$0.7 million or 28% of sales in the three months ended December 31, 2016. SG&A expenses in the Commercial Air Handling segment were \$1.1 million in the three months ended December 31, 2017, and were the primary reason for the increase in the consolidated SG&A expenses during the period when compared to the same period a year ago.

Interest charges were \$98 thousand in the three months ended December 31, 2017 compared with \$51 thousand in the three months ended December 31, 2016. The increase in interest expense in due the JP Morgan Chase term loan and revolving credit facility entered into on June 1, 2017 related to the acquisition of the Commercial Air Handling segment.

Income tax expense in the three months ended December 31, 2017 was \$0.7 million with an effective tax rate of 56.7%, compared to \$8.0 thousand in the three months ended December, 2016. The effective tax rate for the three months ended December 31, 2017 was higher than the statutory rate primarily due to additional tax expense of \$0.3 million recorded in the period as a result of the remeasurement of the deferred tax assets and liabilities. The remeasurement was based upon the corporate tax rate decrease from 34% to 21% as a direct result of the Tax Cuts and Jobs Act of 2017 that was signed into law on December 22, 2017. It is anticipated that the effective tax rate in the near future will be similar to the statutory rate as the Company believes it will be able to continue to utilize the majority of the net operating loss and research and development credit carryforwards before they expire.

Net income in the three months ended December 31, 2017 was \$0.5 million, or \$0.18 per share as compared to a net loss of \$0.3 million, or (\$0.11) per share in the three months ended December 31, 2016. The increase in net income in the three months ended December 31, 2017 versus the three months ended December 31, 2016 was attributed to the acquisition of the Commercial Air Handling segment in June 2017.

The Company has available federal and state net operating loss carryforwards of approximately \$1.3 million and research and development and other tax credit carryforwards of approximately \$2.1 million that begin to expire in 2018. The Company's deferred tax asset of \$2.6 million has been offset by a valuation allowance of \$47.0 thousand and a reserve for uncertain tax position related to the research and development credits of \$0.4 million. Because of the uncertainties involved with these significant estimates, it is reasonably possible that the Company's estimate may change.

Fiscal Year 2017 Compared with Fiscal Year 2016

Sales for fiscal 2017 increased to \$23.8 million, an increase of approximately 258% from fiscal 2016 sales of \$6.6 million. This increase in sales was mainly attributable to recognizing 12 months of sales in 2017 of industrial hose manufactured and distributed by Industrial Hose segment which was acquired on July 1, 2016, compared to three months recognized in 2016 and recording four months of sales in 2017 of commercial air handling units designed and installed by Commercial Air Handling segment which was acquired on June 1, 2017. The Test and Measurement segment recorded increased sales of indicators, gauges and automotive diagnostics tools of \$6.6 million in 2017 compared to \$4.8 million in 2016.

In fiscal 2017, cost of sales was \$15.8 million with a gross margin of 34% compared to cost of sales of \$4.3 million and gross margin of 35% in fiscal 2016. The dollar increase was mainly attributable to recognizing 12 months of sales in 2017 from the Industrial Hose segment compared to three months recognized in 2016 and recording four months of sales in 2017 from the Commercial Air Handling segment.

Product development expenditures in fiscal 2017 were \$0.8 million or 3% of sales compared to \$1.0 million or 16% respectively, in fiscal 2016. The percentage decrease between fiscal 2017 and 2016 was due primarily to acquisitions of the Industrial Hose and Commercial Air Handling business segments in 2016 and 2017, respectively. Product development expenditures relate solely to the Test and Measurement segment. The dollar decrease between fiscal 2017 and 2016 was primarily due to employee reductions. Product development salaries were \$0.5 million in 2017 compared to \$0.7 million in 2016. Management believes current resources will be sufficient to maintain current product development commitments and to continue to develop a reasonable flow of new diagnostic products for both the OEM and aftermarket customers.

Selling, general and administrative (SG&A) expenses were \$4.5 million which was 22% of sales in fiscal 2017, and \$1.9 million or 29% of sales in fiscal 2016. SG&A expenditures in fiscal 2017 were approximately 125% higher than the amount spent in fiscal 2016. The increase, both in dollars and as a percentage of sales, is primarily attributable to recognizing 12 months of expenses in 2017 from the Industrial Hose segment compared to three months recognized in 2016 and four months of expenses in 2017 from the Commercial Air Handling segment.

Interest charges were \$0.3 million in fiscal 2017 compared with \$0.1 million in fiscal 2016. The increased interest expense in fiscal 2017 is primarily due the JP Morgan Chase term loan and revolving credit facility entered into on June 1, 2017 related to the acquisition of the Commercial Air Handling segment.

The Company had deferred tax assets net of a valuation allowance of \$2.8 million as of September 30, 2017. Pending tax reform proposals in the United States Congress would, if enacted, result in a reduction in corporate income tax rates. Such a reduction could have the effect of reducing the amount of potential tax savings that could be obtained through the utilizations of these deferred tax assets. In the event that it is determined that the value of the Company's deferred tax assets has been reduced, the Company will be required to recognize a valuation allowance with respect to that reduction, which will have an effect of reducing net income during the period in which it is recognized.

Income tax expense in fiscal 2017 was \$0.8 million with an effective tax rate of 35.5%, compared to negative \$3.3 million in fiscal 2016, which represented a tax benefit resulting from a decrease in the valuation allowance on deferred income taxes. It is anticipated that the effective tax rate in the near future will be similar to 2017 as the Company believes it will be able to utilize the majority of the net operating loss and research and development credit carryforwards before they expire. The deferred tax benefits begin to expire in fiscal 2018 and are available through 2038.

Net income in fiscal 2017 was \$1.4 million, or \$0.49 per share as compared to \$4.6 million, or \$2.38 per share in fiscal 2016. The decrease in net income in fiscal 2017 versus fiscal 2016 was attributed to a legal settlement of \$2.7 million and recovery of income taxes of \$3.3 million in 2016.

The Company has available a net operating loss carryforward of approximately \$3.0 million and research and development and other tax credit carryforwards of approximately \$2.1 million that begin to expire in fiscal 2018. The Company's deferred tax asset of \$3.2 million has been offset by a valuation allowance of \$0.5 million. Because of the uncertainties involved with this significant estimate, it is reasonably possible that the Company's estimate may change.

Fiscal Year 2016 Compared with Fiscal Year 2015

Sales for fiscal 2016 increased to \$6.6 million, an increase of approximately 14% from fiscal 2015 sales of \$5.9 million. This increase in sales was primarily attributable to higher product sales of approximately \$0.8 million. Product sales were \$6.4 million in fiscal 2016 compared to \$5.6 million in fiscal 2015. This increase in sales was volume-driven and attributable primarily to a \$1.8 million increase of sales in industrial hose manufactured and distributed by the Industrial Hose segment which was acquired on July 1, 2016, offset by decreases in product sales in the Test and Measurement segment. Within the Test and Measurement segment, OEM product sales decreased approximately \$0.8 million and aftermarket product sales decreased approximately \$0.2 million and was volume driven, offset in part by an increase in emission product sales of approximately \$0.1 million. Sales of indicator products declined by approximately \$0.1 million and was volume related. Fiscal 2015 benefited from a large order from a Tier 1 Supplier to a large OEM with no similar order in 2016. The decrease in service sales in fiscal 2016 was volume related and attributable to lower chargeable repair sales.

Cost of sales of \$4.3 million and gross margin of 35% were recognized in fiscal 2016 compared to cost of sales and gross margin of \$3.2 million and 46% respectively, in fiscal 2015. The increase in the cost of sales between 2016 and 2015 was due primarily to product mix and cost specifics of the products sold after the acquisition of the Industrial Hose segment on July 1, 2016, which represented 26% of the sales for the fiscal year 2016. The company also experienced product specific technical issues on chargeable repairs in fiscal 2016.

Product development expenditures during fiscal 2016 were \$1.0 million or 16% of sales compared to \$1.0 million or 18% of sales in fiscal 2015. The percentage decrease between fiscal 2016 and 2015 was due primarily to the increase in sales volume during 2016.

Approximately 66% of the dollar increase of selling, general and administrative expense in fiscal 2016, or \$0.2 million represents marketing and administrative expenses incurred by the Industrial Hose segment which was acquired on July 1, 2016. Product sales other than Industrial Hose segment sales declined during fiscal 2016 contributing to the percentage increase.

The legal settlement in fiscal 2016 was \$2.3 million and represents the proceeds received (after legal fees) for claims against BP Exploration & Product, Inc. for damages arising out of the BP Deepwater Horizon Oil Disaster. The settlement funds are for economic and property damages that were the result of the 2010 explosion on the Deepwater Horizon Oil Rig and subsequent oil spill in the Gulf of Mexico.

Income taxes in fiscal 2016 were a negative \$3.3 million, representing a tax benefit resulting from a decrease in the valuation allowance on deferred income taxes of \$3.3 million. Income taxes in fiscal 2015 were \$0 which includes an increase in the valuation allowance on deferred income taxes of \$0.1 million.

The increase in net income in fiscal 2016 versus fiscal 2015 was primarily due to the decrease of the valuation allowance on the deferred tax asset of \$3.3 million and the legal settlement for claims against BP Exploration & Product, Inc. for damages arising out of the BP Deepwater Horizon Oil Disaster of \$2.3 million.

Liquidity and Capital Resources

Three Months Ended December 31, 2017 Compared with Three Months Ended December 31, 2016

Current assets of \$17.2 million at December 31, 2017 were 2.2 times current liabilities and the total of cash and cash equivalents and receivables was 1.4 times current liabilities. These ratios compare to 3.1 and 1.8 respectively at December 31, 2016. Total current assets increased by approximately \$9.2 million from December 31, 2016 due primarily to increases in accounts receivable, inventory and costs in excess of billings \$8.0 million, \$0.7 million and \$1.6 million from the acquisition of the Commercial Air Handling segment in June 2017.

Working capital at December 31, 2017 was \$9.2 million as compared to \$5.4 million a year ago. The increase of \$3.8 million was due primarily to the increase in current assets as described above offset in part by increases bank debt, trade accounts payable, accrued payroll and related expenses, accrued expenses, billings in excess of costs and deferred revenue of approximately \$0.5 million, \$1.4 million, \$0.6 million, \$0.6 million, \$1.8 million, and \$0.2 million, respectively. The increase in current liabilities was also primarily due to the acquisition of the Commercial Air Handling segment on June 1, 2017.

Cash provided by operating activities in the three months ended December 31, 2017 was \$3.2 million compared to \$1.1 million in the three months ended December 31, 2016, and was adequate to fund the Company's capital expenditures of \$0.1 million. The primary reason for the positive cash flow from operations was the increase in net income and increase in working capital resulting from the acquisition of the Commercial Air Handling segment.

The Company used \$1.7 million in the three months ended December 31, 2017 in financing activities for net payments on the bank debt and capital leases compared to using \$0.4 million in the three months ended December 31, 2016 for payments on related party notes, capital leases and repurchase of Class B common stock.

Fiscal Year 2017 Compared with Fiscal Year 2016

Current assets of \$15.4 million at September 30, 2017 were 2.7 times current liabilities and the total of cash and cash equivalents and receivables was 1.6 times current liabilities. These ratios compare to 3.3 and 1.9 respectively at the end of fiscal 2016. Cash and cash equivalents were \$1.0 million at September 30, 2017 and \$3.1 million at September 30, 2016. Total current assets increased by approximately \$7.7 million from the previous year end due primarily to an increase in inventory, accounts receivable, costs in excess of billings and prepaid expenses of approximately \$0.5 million, \$7.2 million, \$1.6 million, and \$0.3 million, respectively. The increases were offset by a decrease in cash and cash equivalents of \$2.1 million. The increases in inventory, accounts receivable, costs in excess of billings and prepaid expenses was due primarily to the acquisition of the Commercial Air Handling segment on June 1, 2017. The decrease in cash and cash equivalents was due primarily to the 2016 receipt of the legal settlement from BP Exploration & Product, Inc. for damages arising out of the BP Deepwater Horizon Oil Disaster.

Working capital at September 30, 2017 was \$9.6 million as compared to \$5.4 million a year ago. The increase of \$4.2 million was due primarily to the increase in current assets as described above offset in part by increases in leases and notes payable, bank debt, trade accounts payable, accrued payroll and related expenses, accrued expenses, accrued taxes other than income taxes, billings in excess of costs and deferred revenue of approximately \$0.2 million, \$0.5 million, \$0.8 million, \$0.4 million, \$0.6 million, \$0.1 million, \$0.4 million and \$0.8 million, respectively. The increase in current liabilities, slightly offset by a decrease in notes payable related party of \$0.4 million, was also due to the acquisition of the Commercial Air Handling segment on June 1, 2017.

Cash provided by operating activities in fiscal 2017 was \$2.7 million compared to \$2.5 million in fiscal 2016, and was adequate to fund the Company's capital expenditures of \$0.3 million. A significant portion of the capital expenditures were made to upgrade the IT infrastructure and facilities at the Hickok Corporate offices in Cleveland. The primary reason for the positive cash flow from operations was the increase in net income and increase in working capital resulting from the acquisition of the Commercial Air Handling segment.

Cash provided by operating activities in fiscal 2016 was \$2.5 million and was adequate to fund the Company's investing activities including modest capital expenditures for tooling, machinery and equipment for product manufacturing and IT infrastructure. The primary reason for the positive cash flow from operations was due to net proceeds of \$2.3 million for claims against BP Exploration & Product, Inc. for damages arising out of the BP Deepwater Horizon Oil Disaster.

The Company used \$10.6 million in investing activities in fiscal 2017. \$10.3 million in cash was paid for the acquisition of the Commercial Air Handling segment on June 1, 2017 when the Company entered into a Credit Agreement with JPMorgan Chase Bank, N.A. comprised of a revolving facility in the amount of \$8.0 million and a term loan in the amount of \$2.0 million. The term loan is payable in consecutive monthly installments of \$41,667 commencing on July 1, 2017. Amounts outstanding under the term loan bear interest at variable interest rates tied to the prime rate or LIBOR, and the maturity date of the term loan is June 1, 2021. The revolving facility includes a \$3.0 million sublimit for letters of credit. Amounts outstanding under the credit facility bear interest at variable rates tied to the prime rate or LIBOR and mature on June 1, 2020. The Company's obligations under the Credit Agreement are secured by a blanket lien on all of the assets of the Company and its subsidiary. The Credit Agreement also includes customary representations, warranties, reporting requirements and covenants, including fixed charge coverage ratio and senior funded indebtedness to EBITDA financial covenants. See Note 7 of the Financial Statements.

In connection with entering into the Credit Agreement with JPMorgan Chase Bank, N.A., the Company made a onetime prepayment of a portion of the outstanding principal under outstanding promissory notes held by First Francis Company Inc. ("First Francis"), in the amount of \$0.5. The Company made cash payments of \$1.8 million on the revolver and term loan during fiscal 2017, and had \$5.0 million outstanding and \$3.0 million available on the revolving facility and \$1.9 million outstanding on the term loan at September 30, 2017. The Company was in compliance with all debt covenants at September 30, 2017.

In June 2016, management entered into an unsecured revolving credit agreement with First Francis, owner of Federal Hose, wherein, pursuant to an Agreement and Plan of Merger, First Francis became a major shareholder of the Company on July 1, 2016 when the Company completed the acquisition of Federal Hose. Mr. Edward Crawford and Mr. Matthew Crawford are the shareholders of First Francis and serve on the Board of directors of Hickok Incorporated. Matthew Crawford is the son of Edward Crawford. The Company had \$0.3 million outstanding borrowings on the credit facility at September 30, 2016. The outstanding balance of \$0.3 million plus accrued interest was paid in full in October 2016. The revolving line of credit expired on May 31, 2017.

In connection with the acquisition of Federal Hose on July 1, 2016, the Company also issued to First Francis, two promissory notes in the aggregate principal amount of \$4.8 million, bear interest at a rate of 4.0% per annum, are amortized over a ten-year period, and will be full due six years after the issue date. The Company made cash payments of \$1.0 million on the promissory notes during fiscal 2017. At September 30, 2017, the outstanding balance on these notes was \$4.0 million.

In December 2016, management entered into Amendment No. 5 of the Convertible Loan Agreement which provides up to \$0.5 million of liquidity to meet on going working capital requirements. The Convertible Loan Agreement, as amended, is between the Company and a major shareholder who is also affiliated with two Directors, as discussed in Note 8 to the Company's financial statements. This amended agreement modified the terms of the previously amended agreement by extending the due date of the loan agreement from December 30, 2016 to December 30, 2017 and continues to allow \$0.3 million of borrowing on the agreement at the Company's discretion. At September 30, 2017 and 2016, the outstanding balance on the loan was \$0.2 million, respectively.

Management continues to tightly control expenses and will take actions as deemed necessary to maintain the necessary liquidity. Management believes the Company has adequate liquidity for working capital, capital expenditures and other strategic initiatives.

Off-Balance Sheet Arrangements

The Company has a secured performance and payment bond in the amount of \$1.6 million as surety on completion of the requirements of a commercial air handling contract scheduled to complete in March 2018. The Company has no other off-balance sheet arrangements (as defined in Regulation S-B Item 303 paragraph (a)(2)) that have or are reasonably likely to have a material current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Impact of Inflation

Over the past five years, inflation has had a minimal effect on the Company because of low rates of inflation and the Company's policy minimizing the acceptance of long-term fixed rate contracts without provisions permitting adjustment for inflation.

Forward-Looking Statements

This report contains "forward-looking statements" within the meaning of the securities laws, for which we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements can be identified by terminology such as "expect," "anticipate," "intend," "may," "plan," "will," "should," "could," "would," "assume," "believe," "estimate," "predict," "potential," "project," "continue," "seek," and similar expressions, as well as statements in the future tense. We have based these forward-looking statements on our current expectations and projections about future events, based on information currently available to us. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or means by, which such performance or results will be achieved.

Forward-looking statements are subject to risks, uncertainties and assumptions. Unforeseen developments could cause actual performance or results to differ substantially from those expressed in or suggested by the forward-looking statements. Management does not assume responsibility for the accuracy or completeness of these forward-looking statements. There is no regulation requiring an update of any of the forward-looking statements after the date of this report to conform these statements to actual results or to changes in our expectations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market Risk

The Company is exposed to certain market risks from transactions that are entered into during the normal course of business. The Company has not entered into derivative financial instruments for trading purposes. The Company's primary market risks are exposure related to interest rate risk and equity market fluctuations. The Company's debt subject to interest rate risk was the funds available from the JPMorgan Chase term loan and revolving credit agreement and the First Francis convertible note agreement and revolving credit agreement. The Company had an outstanding balance on the JPMorgan Chase Bank term loan at December 31, 2017, of \$1.8 million which is subject to a rate of interest of the Prime Rate plus 0.25%. In addition, the Company had an outstanding balance on the JPMorgan Chase Bank revolving credit agreement at December 31, 2017, of \$3.5 million which is subject to a rate of interest equal to the Prime Rate. The Company had an outstanding balance on the Roundball convertible note at December 31, 2017, of \$0.2 million which is subject to a fixed rate of interest of 0.34%. In addition, the Company also issued to First Francis Company Inc. a promissory note in the principal amount of \$2.8 million with \$2.4 million outstanding at December 31, 2017 and a promissory note in the principal amount of \$2.0 million with \$1.6 million outstanding at December 31, 2017, each of which is secured by all of the assets of Hickok and certain of its subsidiaries, bears interest at a rate of 4.0% per annum, is amortized over a ten year period, and will be fully due six years after the issue date. These promissory notes contain customary provisions regarding acceleration of the Company's obligations as a result of an event of default. The First Francis revolving credit agreement Company balance of \$0.3 million plus accrued interest was paid in October 2016. As a result, the Company believes that the market risk relating to interest rate movements is minimal.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The following pages contain the Financial Statements and Supplementary Data as specified for Item 8 of Part II of Form 10-K.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**SHAREHOLDERS AND BOARD OF DIRECTORS
HICKOK INCORPORATED
CLEVELAND, OHIO**

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Hickok Incorporated (the "Company") as of December 31, 2017 and September 30, 2017 and 2016 and the related consolidated statements of income, stockholders' equity, and cash flows, for the three months ended December 31, 2017 and for each of the years in the three-year period ended September 30, 2017, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and September 30, 2017 and 2016 and the results of its operations and its cash flows for the three months ended December 31, 2017 and for each of the years in the three-year period ended September 30, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Meaden & Moore, Ltd.

MEADEN & MOORE, Ltd.

We are uncertain as to the year we began servicing consecutively as the auditor of the Company's financial statements; however, we are aware that we have been the Company's auditor consecutively since at least 1979.

**February 14, 2018
CLEVELAND, OHIO**

**CONSOLIDATED BALANCE SHEETS
HICKOK INCORPORATED**

ASSETS

	December 31, 2017	September 30, 2017	2016
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 2,444,110	\$ 934,506	\$ 3,060,734
Accounts receivable less allowance for doubtful accounts	9,011,677	8,549,596	1,354,199
Costs and estimated earnings in excess of billings	1,605,991	1,639,519	-
Inventory less allowance for obsolete inventory	3,903,481	3,857,763	3,308,799
Prepaid Expenses and other current assets	265,456	433,033	43,085
Total Current Assets	17,230,715	15,414,417	7,766,817
PROPERTY, PLANT AND EQUIPMENT:			
Land and Improvements	235,179	233,479	233,479
Buildings and Leasehold Improvements	2,239,763	2,195,915	1,448,978
Machinery and Equipment	5,091,360	5,075,203	3,392,734
Total Property, Plant and Equipment	7,566,302	7,504,597	5,075,191
Less accumulated depreciation	4,242,913	4,119,787	3,771,268
Property, Plant and Equipment, Net	3,323,389	3,384,810	1,303,923
OTHER ASSETS:			
Goodwill	2,255,912	2,255,912	1,777,656
Intangibles, net of accumulated amortization	1,896,399	2,113,656	1,250,909
Deferred income taxes less valuation allowance	2,173,892	2,790,259	3,330,600
Other non-current assets	3,250	3,250	4,850
Total Non-Current Other Assets	6,329,453	7,163,077	6,364,015
Total Assets	\$ 26,883,557	\$ 25,962,304	\$ 15,434,755

See accompanying notes to consolidated financial statements

**CONSOLIDATED BALANCE SHEETS
HICKOK INCORPORATED**

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>December 31,</u> <u>2017</u>	<u>September 30,</u> <u>2017</u>	<u>2016</u>
CURRENT LIABILITIES:			
Convertible notes payable - related party	\$ 200,000	\$ 200,000	\$ -
Notes payable - related party	352,727	245,086	629,761
Bank debt - current	500,000	500,000	-
Leases payable	55,735	56,610	59,369
Accounts payable	2,112,695	1,497,799	733,388
Unearned revenue	2,601,355	1,282,947	-
Accrued payroll and related expenses	723,053	676,502	301,054
Accrued income taxes	108,576	69,933	31,000
Accrued expenses	1,340,465	1,290,364	593,378
Total Current Liabilities	<u>7,994,606</u>	<u>5,819,241</u>	<u>2,347,950</u>
LONG-TERM LIABILITIES:			
Notes payable - related party	3,651,765	3,759,406	4,388,901
Bank debt	4,732,550	6,374,823	-
Leases payable	106,855	121,315	144,997
Convertible notes payable - related party	-	-	200,000
Total Long-Term Liabilities	<u>8,491,170</u>	<u>10,255,544</u>	<u>4,733,898</u>
STOCKHOLDERS' EQUITY			
Preferred 1,000,000 shares authorized, no shares outstanding	-	-	-
Common shares - no par value			
Class A 10,000,000 shares authorized, 2,130,681 issued at December 30, 2017 and September 30, 2017, 2,090,394 issued at September 30, 2016	2,246,367	2,246,367	2,108,651
Class B 2,500,000 convertible shares authorized, 779,283 shares issued at December 31, 2017, September 30, 2017 and September 30, 2016	710,272	710,272	710,272
Contributed capital	1,741,901	1,741,901	1,741,901
Treasury shares	(264,841)	(264,841)	(253,341)
Class A - 15,795 shares issued at December 31, 2017, September 30, 2017 and September 30, 2016			
Class B -5,667 shares issued at December 31, 2017 and September 30, 2017, 667 issued at September 30, 2016			
Retained earnings	5,964,082	5,453,820	4,045,424
Total Stockholders' Equity	<u>10,397,781</u>	<u>9,887,519</u>	<u>8,352,907</u>
Total Liabilities and Stockholders' Equity	<u>\$ 26,883,557</u>	<u>\$ 25,962,304</u>	<u>\$ 15,434,755</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
HICKOK INCORPORATED

	Three Months Ended December 31,		Fiscal Years Ended September 30,		
	2017	2016	2017	2016	2015
		(unaudited)			
Total Sales	\$ 11,754,219	\$ 2,356,926	\$ 23,816,735	\$ 6,645,780	\$ 5,852,924
Cost of Sales	8,528,387	1,773,688	15,792,458	4,334,815	3,168,303
Gross Profit	3,225,832	583,238	8,024,277	2,310,965	2,684,621
Operating Expenses:					
Product development costs	121,579	239,010	795,957	1,050,157	1,015,414
Selling, general and administrative expenses	1,813,308	651,574	4,546,383	1,933,986	1,727,021
Operating Income (Loss)	1,290,945	(307,346)	2,681,937	(673,178)	(57,814)
Other (Income) and Expenses:					
Interest charges	98,228	50,769	282,648	59,386	657
Legal settlement	-	(50,000)	(50,000)	(2,270,567)	-
Other (income) expense, net	14,726	(2,409)	260,529	204,755	63,906
Total Other (Income) and Expenses	112,954	(1,640)	493,177	(2,006,426)	64,563
Income (Loss) before Provision for Income Taxes	1,177,991	(305,706)	2,188,760	1,333,248	(122,377)
Provision for (Recovery of) Income Taxes:					
Current	446,283	8,000	86,966	31,000	(82,200)
Deferred	221,446	-	693,398	(3,330,600)	82,200
Total Provision for (Recovery of) Income Taxes	667,729	8,000	780,364	(3,299,600)	-
Net Income (Loss)	\$ 510,262	\$ (313,706)	\$ 1,408,396	\$ 4,632,848	\$ (122,377)
Net Income (Loss) Per Common Share - Basic	\$ 0.18	\$ (0.11)	\$ 0.49	\$ 2.38	\$ (0.07)
Net Income (Loss) Per Common Share - Diluted	\$ 0.16	\$ (0.11)	\$ 0.46	\$ 2.36	\$ (0.07)
Weighted Average Shares of Common Stock Outstanding – Basic	2,888,502	2,853,107	2,874,926	1,943,625	1,638,215
Weighted Average Shares of Common Stock Outstanding - Diluted	3,256,012	2,901,584	3,069,077	1,960,121	1,638,215

See accompanying notes to consolidated financial statements

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
HICKOK INCORPORATED**

	COMMON SHARES - NO PAR VALUE		CONTRIBUTED CAPITAL	TREASURY SHARES	RETAINED EARNINGS	TOTAL
	CLASS A	CLASS B				
Balance at October 1, 2014	\$ 1,261,188	\$ 474,866	\$ 1,741,358	\$ (253,341)	\$ (465,047)	\$ 2,759,024
Share-based compensation expense	-	-	543	-	-	543
Net Loss	-	-	-	-	(122,377)	(122,377)
Balance at September 30, 2015	<u>\$ 1,261,188</u>	<u>\$ 474,866</u>	<u>\$ 1,741,901</u>	<u>\$ (253,341)</u>	<u>\$ (587,424)</u>	<u>\$ 2,637,190</u>
Purchase of business partially financed by issuance of Class A and Class B Shares	847,463	235,406	-	-	-	1,082,869
Net Income	-	-	-	-	4,632,848	4,632,848
Balance at September 30, 2016	<u>\$ 2,108,651</u>	<u>\$ 710,272</u>	<u>\$ 1,741,901</u>	<u>\$ (253,341)</u>	<u>\$ 4,045,424</u>	<u>\$ 8,352,907</u>
Professional services expense	7,884	-	-	-	-	7,884
Share-based compensation expense	129,832	-	-	-	-	129,832
Repurchase of Class B Shares	-	-	-	(11,500)	-	(11,500)
Net Income	-	-	-	-	1,408,396	1,408,396
Balance at September 30, 2017	<u>\$ 2,246,367</u>	<u>\$ 710,272</u>	<u>\$ 1,741,901</u>	<u>\$ (264,841)</u>	<u>\$ 5,453,820</u>	<u>\$ 9,887,519</u>
Net Income	-	-	-	-	510,262	510,262
Balance at December 31, 2017	<u>\$ 2,246,367</u>	<u>\$ 710,272</u>	<u>\$ 1,741,901</u>	<u>\$ (264,841)</u>	<u>\$ 5,964,082</u>	<u>\$ 10,397,781</u>

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOW
HICKOK INCORPORATED

	Three Months Ended December 31,		Fiscal Years Ended September 30,		
	2017	2016	2017	2016	2015
	(unaudited)				
Cash Flows from Operating Activities					
Net Income (loss)	\$ 510,262	\$ (313,706)	\$ 1,408,396	\$ 4,632,848	\$ (122,377)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	360,241	71,037	720,872	153,422	68,686
Non-cash professional service expense	-	-	7,884	-	-
Loss (gain) on disposal of assets	-	-	13,386	-	-
Non-cash share-based compensation expense	-	-	129,832	-	543
Deferred income taxes	616,367	-	693,398	(3,330,600)	-
Changes in assets and liabilities:					
Decrease (Increase) in accounts receivable	(462,081)	294,442	(2,434,029)	582,075	70,714
Decrease (Increase) in inventories	(45,718)	89,006	45,539	373,593	(212,316)
Decrease (Increase) in costs in excess of billings	33,528	-	2,341,305	-	-
Decrease (Increase) in prepaid expenses & other assets	167,577	(124,686)	(335,159)	78,843	(74,030)
Increase (Decrease) in accounts payable	614,896	(103,719)	(962,207)	(39,886)	152,204
Increase (Decrease) in accrued payroll and related expenses	46,551	(133,328)	49,498	118,792	35,051
Increase (Decrease) in accrued expenses	50,101	3,360	224,674	(86,201)	101,497
Increase (Decrease) in accrued income taxes	38,643	(23,000)	38,933	31,000	-
Increase (Decrease) in unearned revenue	1,318,408	1,300,000	688,402	-	-
Total adjustments	2,738,513	1,373,112	1,222,328	(2,118,962)	142,349
Net Cash Provided by (Used in) Operating Cash Activities	\$ 3,248,775	\$ 1,059,406	\$ 2,630,724	\$ 2,513,886	\$ 19,972

	Three Months Ended December 31,		Fiscal Years Ended September 30,		
	2017	2016 (unaudited)	2017	2016	2015
Cash Flows from Investing Activities					
Cash paid for acquisition	\$ -	\$ -	\$ (10,250,000)	\$ -	\$ -
Capital expenditures	(78,585)	(154,853)	(332,794)	(36,209)	(64,894)
Decrease in deposits	-	-	-	-	1,000
Net Cash Provided by (Used in) Investing Activities	(78,585)	(154,853)	(10,582,794)	(36,209)	(63,894)
Cash Flows from Financing Activities					
Payments on related party notes	-	(331,711)	(1,014,170)	-	-
Borrowings on related party notes	-	-	-	250,000	-
Payments on bank debt	(3,113,908)	-	(1,775,000)	-	-
Borrowings on bank debt	1,468,657	-	8,694,486	-	-
Payments on capital lease	(15,335)	(14,624)	(67,974)	(43,445)	-
Repurchase of Class B shares	-	(11,500)	(11,500)	-	-
Cash acquired in purchase of business	-	-	-	30,097	-
Net Cash Provided by (Used in) Financing Activities	(1,660,586)	(357,835)	5,825,842	236,652	-
Net Increase (decrease) in cash and cash equivalents	1,509,604	546,718	(2,126,228)	2,714,329	(43,922)
Cash and cash equivalents at beginning of year	934,506	3,060,734	3,060,734	346,405	390,327
Cash and cash equivalents at end of year	\$ 2,444,110	\$ 3,607,452	\$ 934,506	\$ 3,060,734	\$ 346,405
Supplemental disclosures of cash flow information					
Interest Paid	37,612	67,045	236,634	11,830	1,858

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
HICKOK INCORPORATED
SEPTEMBER 30, 2017, 2016 AND 2015

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles for financial information and with the instructions to Form 10-K and Article 8 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Principles of Consolidation

The consolidated financial statements include the accounts of Hickok Incorporated and its wholly-owned domestic subsidiaries. Significant intercompany transactions and balances have been eliminated in the financial statements.

Reclassifications

Certain prior year amounts were reclassified to conform to the current year's presentation, including transaction costs related to acquisitions that were reclassified from selling, general and administrative to other (income) expenses as these costs are not considered as operating costs. These reclassifications have no effect on the financial position or results of operations reported as of and for the periods presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards

The Company did not incur any material impact to its financial condition or results of operations due to the adoption of any new accounting standards during the periods reported.

In May 2017, the Financial Accounting Standards Board (FASB), issued ASU 2017-09, "Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting." ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The amendments in this update should be applied prospectively to an award modified on or after the adoption date. This ASU is effective for annual periods and interim periods within those annual periods beginning after December 15, 2017. Early adoption is permitted. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In January 2017, FASB issued ASU 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." ASU 2017-04 eliminates the second step in the goodwill impairment test which requires an entity to determine the implied fair value of the reporting unit's goodwill. Instead, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying value and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The standard, which should be applied prospectively, is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. We are currently evaluating the impact of the adoption of ASU 2017-04 on our consolidated financial statements.

In August 2016, FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments." The amendments in this update provide guidance on eight specific cash flow issues, thereby reducing the diversity in practice in how certain transaction are classified in the consolidated statements of cash flows. This ASU is effective for annual periods and interim periods for those annual periods beginning after December 15, 2017. Early adoption is permitted. We are currently evaluating the impact of the adoption of ASU 2016-15 on our consolidated financial statements. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for fiscal years beginning after December 31, 2019. The Company is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

In March 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU 2016-09) a new standard that changes the accounting for certain aspects of share-based payments to employees. The new guidance requires excess tax benefits and tax deficiencies to be recorded in the income statement when the awards vest or are settled. In addition, cash flows related to excess tax benefits will no longer be separately classified as a financing activity apart from the other income tax cash flows. The standard also allows the Company to repurchase more of an employee's shares for tax withholding purposes without triggering liability accounting, clarifies that all cash payments made on an employee's behalf for withheld shares should be presented as a financing activity on our cash flow statements, and provides an accounting policy election to account for forfeitures as they occur. The new standard is effective for the Company beginning October 1, 2017. This new standard did not have a significant impact on the Company's consolidated financial statements.

In February 2016, the FASB issued (ASU 2016-02) a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet. Most prominent among the amendments is the recognition of assets and liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. Under the new standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The new standard will be effective for the Company beginning January 1, 2019, with early adoption permitted. We are evaluating the impact this standard will have to our financial statements.

In May 2014, the FASB issued its final standard on the recognition of revenue from contracts with customers. The standard, issued as Accounting Standards Update (ASU) 2014-09, outlines a single comprehensive model for entities to use in the accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry specific guidance. The core principle of this model is that "an entity recognizes revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services." The update is effective for financial statement periods beginning after December 15, 2017, with early adoption prohibited. We are continuing to assess the impact of adopting ASU 2014-09 on our financial position, results of operations, and related disclosures, and we have not yet determined the full impact that the standard will have on our reported revenue or results of operations, but expect to use the modified retrospective approach, under which the cumulative effect of initially applying the new guidance is recognized as an adjustment to the opening balance of retained earnings upon adoption effective January 1, 2018. We currently believe that the adoption of ASU No. 2014-09 will not significantly change the recognition of revenues associated with product sales when performance obligations are met at a point in time as products are shipped. The Company will continue to assess the impact of the new standard in relation to performance obligations for commercial air handling units, which are measured over time using the cost-to-cost percentage completion method, as well as to the new required disclosures, along with industry trends and additional interpretive guidance, and it may adjust its implementation plan accordingly. We do not expect the adoption of ASU 2014-09 to have a material impact on our consolidated financial statements.

Concentration of Credit Risk

The Company sells its products and services primarily to customers in the United States of America and to a lesser extent overseas. All sales are made in U.S. dollars. The Company extends normal credit terms to its customers. With the acquisitions of Federal Hose in July 2016 and Air Enterprises in June 2017, the Company has greatly expanded its customer base into a wide array of industries. During the three months ended December 31, 2017, there were sales to two customers in the Commercial Air Handling segment that were greater than 22% of consolidated sales of the Company. In fiscal 2017, there were no sales to any one customer greater than 10% of consolidated sales of the Company. Sales to one customer in the Test and Measurement segment approximated \$1.3 million in 2016 and \$2.2 million in 2015.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the reported amounts of certain assets and liabilities and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Accounting for "Financial Instruments" requires the Company to disclose estimated fair values of financial instruments. Financial instruments held by the Company include, among others, accounts receivable, accounts payable, and convertible notes payable. The carrying amounts reported in the consolidated balance sheet for assets and liabilities qualifying as financial instruments is a reasonable estimate of fair value.

Revenue Recognition

The Company records sales as manufactured items are shipped to customers on an FOB shipping point arrangement, at which time title passes and the earnings process is complete. The Company primarily records service sales as the items are repaired. The customer does not have a right to return merchandise unless defective or warranty related and there are no formal customer acceptance provisions. Sales returns and allowances were immaterial during the three months ended December 31, 2017 and 2016 and during each of the three years in the periods ending September 30, 2017, 2016 and 2015.

Revenue from contracts is recognized on the percentage-of-completion method measured by the percentage of costs incurred to date to total estimated costs for each contract. Contract costs include all direct costs and allocations of indirect costs. Provisions for estimated losses on uncompleted contracts are made in the period in which it is determined a loss will be incurred. As long-term contracts extend over one or more years, revisions in costs and profits estimated during the work are reflected in the accounting period in which the facts requiring the changes become known.

Because of the inherent uncertainties in estimating costs, it is at least reasonably possible the estimates of costs and revenue will change in the next year. Revenue earned on contracts in progress in excess of billings are classified as an asset. Amounts billed in excess of revenue earned are classified as a liability. The length of the contracts varies, but is typically three to six months.

Revenue relating to replacement parts is recognized upon the shipment of goods or rendering of services to customers.

Unearned Revenue

Unearned revenue consists of customer deposits and costs and estimated earnings in excess of billings related to the Commercial Air Handling segment.

Deferred Commissions

Commissions are earned based on the percentage-of completion of the contract. Commissions are paid upon receipt of payment for units shipped.

Product Warranties

The Company provides a warranty for its custom air handling business covering parts for 12 months from startup or 18 months from shipment, whichever comes first. The warranty reserve is maintained at a level which, in management's judgment, is adequate to absorb potential warranties incurred. The amount of the reserve is based on management's knowledge of the contracts and historical trends. Because of the uncertainties involved in the contracts, it is reasonably possible that management's estimates may change in the near term. However, the amount of change that is reasonably possible cannot be precisely estimated at this time.

The Company warrants certain products against defects for primarily 12 months. The both warranty expense and reserve amounts are immaterial during the three months ended December 31, 2017 and 2016 and during each of the three years in the periods ended September 30, 2017, 2016 and 2015.

Product Development Costs

Product development costs, which include engineering production support for the test and measurement business segment, are expensed as incurred. Research and development performed for customers represents no more than 1% of sales during the three months ended December 31, 2017 and 2016 and during each of the three years in the periods ended September 30, 2017, 2016 and 2015. The arrangements do not include a repayment obligation by the Company.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. From time to time the Company maintains cash balances in excess of the FDIC limits.

Accounts Receivable

The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. The Company establishes reserves for excess and obsolete inventory based upon historical inventory usage trends and other information.

Property, Plant and Equipment

Property, plant and equipment are carried at cost. Maintenance and repair costs are expensed as incurred. Additions and betterments are capitalized. The depreciation policy of the Company is generally as follows:

Class	Method	Estimated Useful Lives (years)		
Buildings & Improvements	Straight-line	10	to	40
Machinery and equipment	Straight-line	3	to	10
Tools and dies	Straight-line	3		

Valuation of Long-Lived Assets

Long-lived assets such as property, plant and equipment and software are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the total of the expected future undiscounted cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and carrying value of the asset.

Shipping and Handling Costs

Shipping and handling costs are classified as cost of product sold.

Income Taxes

The provision for income taxes is computed on domestic financial statement income. Where transactions are included in the determination of taxable income in a different year, deferred income tax accounting is used.

The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus any change in deferred taxes during the year. Deferred taxes result from differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

Income per Common Share

Income per common share information is computed on the weighted average number of shares outstanding during each period.

3. ACCOUNTS RECEIVABLE

The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. The reserve for doubtful accounts was \$10,275 at December 31, 2017 and September 30, 2017, respectively and \$10,000 at September 30, 2016.

4. INVENTORY

Inventory is valued at the lower of cost (first-in, first-out) or market and consist of the following:

	<u>December 31, 2017</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Raw materials and component parts	\$ 2,637,138	\$ 2,659,171	\$ 2,022,092
Work-in-process	523,644	370,506	438,447
Finished products	1,200,204	1,301,338	1,083,852
Total Inventory	4,360,986	4,331,015	3,544,391
Less: Inventory reserves	457,505	473,252	235,592
Net Inventory	<u>\$ 3,903,481</u>	<u>\$ 3,857,763</u>	<u>\$ 3,308,799</u>

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets relate to the purchase of businesses on June 1, 2017 and July 1, 2016. Goodwill represents the excess of cost over the fair value of identifiable assets acquired. Goodwill is not amortized, but is reviewed on an annual basis for impairment. Amortization of other intangible assets is calculated on a straight-line basis over periods ranging from one year to 15 years. Intangible assets at September 30 are as follows:

	<u>December 31, 2017</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Customer List: Backlog	\$ 1,970,000	\$ 1,970,000	\$ 1,280,000
Non-Compete Agreements	200,000	200,000	-
Trademarks	340,000	340,000	-
Total Other Intangibles	2,510,000	2,510,000	1,280,000
Less: Accumulated Amortization	613,601	396,344	29,091
Other Intangibles, Net	<u>\$ 1,896,399</u>	<u>\$ 2,113,656</u>	<u>\$ 1,250,909</u>

Amortization of other intangibles was \$217,257 and \$29,091 for the three months ended December 31, 2017 and 2016, respectively, and \$367,253, \$29,091 and \$0 for the fiscal years ended September 30, 2017, 2016 and 2015, respectively. The Company expects to recognize amortization expense of \$466,530 in 2018, \$179,030 in 2019, \$179,030 in 2020, \$179,030 in 2021, \$155,697 in 2022, and \$737,081 thereafter.

6. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment are recorded at cost and depreciated over their useful lives. Maintenance and repair costs are expenses as incurred. Property, plant and equipment are as follows:

	<u>December 31, 2017</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Land	\$ 235,179	\$ 233,479	\$ 233,479
Buildings and Improvements	2,239,763	2,195,915	1,448,978
Machinery & Equipment	5,091,360	5,075,203	3,392,734
Total Property, Plant & Equipment	7,566,302	7,504,597	5,075,191
Less: Accumulated Depreciation	4,242,913	4,119,788	3,771,268
Property Plant & Equipment, Net	<u>\$ 3,323,389</u>	<u>\$ 3,384,810</u>	<u>\$ 1,303,923</u>

Depreciation expense, including depreciation on capitalized leases, was \$140,006 and \$41,946 for the three months ended December 31, 2017 and 2016, respectively, and \$350,641, \$133,422, and \$68,686 for the fiscal years ended September 30, 2017, 2016 and 2015, respectively.

7. BANK DEBT

The Company, entered into a Credit Agreement on June 1, 2017 with JPMorgan Chase Bank, N.A. as lender (the "Credit Agreement"). The Credit Agreement is comprised of a revolving facility in the amount of \$8,000,000, subject to a borrowing base (determined based on 80% of Eligible Accounts, plus 50% of Eligible Progress Billing Accounts, plus 50% of Eligible Inventory, minus Reserves as defined in the Credit Agreement) and a term loan in the amount of \$2,000,000, payable in consecutive monthly installments of \$41,667 commencing on July 1, 2017.

The revolving facility includes a \$3 million sublimit for the issuance of letters of credit. Interest for borrowings under the revolving facility accrues at a per annum rate equal to Prime Rate or LIBOR plus applicable margins of (i) 0.00% for Prime Rate loans and (ii) 2.00% for LIBOR loans. The maturity date of the revolving facility is June 1, 2020. Interest for borrowings under the term loan accrues at a per annum rate equal to Prime Rate or LIBOR plus applicable margins of (i) 0.25% for Prime Rate loans and (ii) 2.25% for LIBOR loans. The maturity date of the term loan is June 1, 2021. The Credit Agreement includes a commitment fee on the unused portion of the revolving facility of 0.25% per annum payable quarterly. The obligations of the Company and other borrowers under the Credit Agreement are secured by a blanket lien on all the assets of the Company and its subsidiaries. The Credit Agreement also includes customary representations and warranties and applicable reporting requirements and covenants, including fixed charge coverage ratio and senior funded indebtedness to EBITDA ratio financial covenants.

In connection with entering into the Credit Agreement, the Company made a onetime prepayment of a portion of the outstanding principal under outstanding promissory notes held by First Francis Company Inc. ("First Francis"), in the amount of \$500,000. The Company will not be required to make any of the scheduled quarterly payments due under these notes for the remainder of calendar 2017. First Francis is owned by Edward Crawford and Matthew Crawford, who serve on the Board of Directors of the Company.

Bank debt balances consist of the following:

	December 31, 2017	September 30, 2017	September 30, 2016
Term Debt	\$ 1,750,000	\$ 1,875,000	\$ -
Revolving Debt	3,524,235	5,044,486	-
Total Bank Debt	5,274,235	6,919,486	-
Less: Current Portion	500,000	500,000	-
Non-Current Bank Debt	4,774,235	6,419,486	-
Less: Unamortized Debt Costs	41,685	44,663	-
Net Non-Current Bank Debt	\$ 4,732,550	\$ 6,374,823	\$ -

The Company had \$4.5 million and \$3.0 million available to borrow on the revolving credit facility at December 31, 2017 and September 30, 2017, respectively. The minimum principal payments due on the term loan until it matures in 2021 are \$500,000 in 2018, \$ 500,000 in 2019, \$500,000 in 2020, and \$250,000 in 2021.

8. NOTES PAYABLE

Convertible Notes Payable

On December 30, 2011, management entered into a Convertible Loan Agreement (“Convertible Loan”) with Roundball, LLC (“Roundball”). The Convertible Loan provides approximately \$467,000 of liquidity to meet on-going working capital requirements of the Company and allows \$250,000 of borrowing on the agreement at the Company's discretion at an interest rate of 0.25%. Roundball, a major shareholder of the Company, is an affiliate of Steven Rosen and Matthew Crawford, Directors of the Company.

There have been several amendments to the original agreement over the years for the purpose of extending the existing terms of the Convertible Loan. On December 29, 2017, management entered into Amendment No. 6 of the Convertible Loan Agreement with Roundball. The amended Convertible Loan:

- Continues to provide approximately \$467,000 of liquidity to meet on-going working capital requirements;
- Continues to allow \$250,000 of borrowing on the agreement at the Company's discretion at an interest rate of 0.34%; and
- Extends the due date of the loan agreement from December 30, 2017 to December 30, 2018.

The outstanding balance on the Convertible Loan as of December 31, 2017, September 30, 2017, and September 30, 2016 was \$200,000, respectively.

As part of the Convertible Loan Agreement between the Company and Roundball, the parties entered into a Warrant Agreement, dated December 30, 2012, whereby the Company issued a warrant to Roundball to purchase, at its option, up to 100,000 shares of Class A Common Stock of the Company at an exercise price of \$2.50 per share, subject to certain anti-dilution and other adjustments. The warrant agreement, as amended, expires December 30, 2018.

Short-Term Financing

On June 3, 2016, management entered into an unsecured revolving credit agreement with First Francis Company Inc. First Francis Company Inc. became a major shareholder of the Company on July 1, 2016 when the Company completed the acquisition of Federal Hose Manufacturing Company, LLC. The agreement provides for a revolving credit facility of \$250,000 with interest at 4.0% per annum and is unsecured. Each loan made under the credit arrangement will be due and payable in full on the expiration date of the revolver note. In addition, the agreement generally allows for borrowing based on an amount equal to eighty percent of eligible accounts receivables or \$250,000. The revolving line of credit expired on May 31, 2017.

The Company had \$250,000 outstanding borrowings on the credit facility at September 30, 2016. At December 31, 2017 and September 30, 2017, respectively, the outstanding balance was \$0.

Notes Payable – Related Party

Notes payable - related parties is a result of the acquisition of a business on July 1, 2016 and consists of the following:

	<u>December 31, 2017</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>
In connection with the acquisition, the Company entered into a promissory note on July 1, 2016 for a \$2,000,000 loan due to First Francis Company, payable in quarterly installments of \$60,911 beginning on October 31, 2016, including interest at 4%. The remaining balance of the note shall be payable in full on July 1, 2022.	\$ 1,639,206	\$ 1,639,206	\$ 2,000,000
In connection with the acquisition, the Company entered into a promissory note on July 1, 2016 for a \$2,768,662 loan due to First Francis Company, payable in quarterly installments of \$84,321 beginning on October 31, 2016, including interest at 4%. The remaining balance of the note shall be payable in full on July 1, 2022.	2,365,286	2,365,286	2,768,662
Total notes payable – related party	4,004,492	4,004,492	4,768,662
Less current portion	352,727	245,086	379,761
Notes payable – related party non-current portion	<u>\$ 3,651,765</u>	<u>\$ 3,759,406</u>	<u>\$ 4,388,901</u>

	<u>Total Principal Payments</u>
<u>Year Ending, December 31:</u>	
2018	\$ 352,727
2019	441,437
2020	459,361
2021	478,013
2022	2,272,954
Total principal payments	<u>\$ 4,004,492</u>

9. LEASES

Operating Leases

The Company leases two facilities including one from a related party and certain vehicles and equipment under operating leases expiring through June 30, 2026.

The Company's minimum commitment under these operating leases is as follows:

	<u>Facility</u>	<u>Equipment</u>
2018	\$ 588,271	\$ 74,911
2019	592,353	68,728
2020	596,477	60,214
2021	600,642	6,296
2022	604,848	-
Thereafter	1,283,628	-
Total minimum lease payments	<u>\$ 4,266,219</u>	<u>\$ 210,149</u>

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Rental expense was \$245,029 and \$48,819 for the three months ending December 31, 2017 and 2016, respectively, and \$361,539, \$57,767 and \$11,382 for the fiscal years ending September 30, 2017, 2016 and 2015, respectively.

Capital Leases

	<u>December 31, 2017</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Capital lease obligation on computer equipment and software, payable in monthly installments of \$2,059 including interest at approximately 1.04% per annum through December, 2017.	\$ -	\$ 2,059	\$ 28,828
Capital lease obligation on IT computer equipment and software, payable in monthly installments of \$3,888 including interest at approximately 6.57% per annum, through February, 2021.	129,912	139,339	175,538
Capital lease obligation on manufacturing equipment, payable in monthly installments of \$891 including interest at approximately 6.99% per annum, through February, 2020.	22,196	24,455	-
Capital lease obligation on IT computer equipment and software, payable in monthly installments of \$633 including interest at approximately 10.68% per annum, through July 2019.	10,482	12,072	-
Total capital lease obligations	162,590	177,925	204,366
Less current portion	55,735	56,610	59,369
Capital lease obligations non current portion	\$ 106,855	\$ 121,315	\$ 144,997

Capital Lease Obligations

Year Ending	Total Minimum Lease Payment	Less Amount Representing Interest	Present Value of Minimum Lease Obligation
2018	\$ 65,142	\$ 9,407	\$ 55,735
2019	61,573	6,017	55,556
2020	49,327	1,895	47,432
2021	3,888	21	3,867
2022	-	-	-
	\$ 179,930	\$ 17,340	\$ 162,590

The fixed assets related to the capital leases are as follows:

	<u>December 31, 2017</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Cost	\$ 255,304	\$ 304,724	\$ 247,811
Depreciation	81,577	82,527	27,673
Net Book Value	<u>\$ 173,727</u>	<u>\$ 222,197</u>	<u>\$ 220,138</u>

Commitments and Contingencies

From time to time, the Company is involved in legal matters arising in the ordinary course of business. While the Company believes that such matters are currently not material, there can be no assurance that matters arising in the ordinary course of business for which the Company is, or could be, involved in litigation, will not have an adverse effect on its business, financial condition or results of operations.

10. SHAREHOLDERS' EQUITY

There are 10,000,000 Class A Shares and 2,500,000 Class B Shares authorized, as well as 1,000,000 Serial Preferred Shares.

Unissued shares of Class A common stock (832,233 shares at December 31, 2017, September 30, 2017 and 2016, respectively) are reserved for the share-for-share conversion rights of the Class B common stock, stock options under the Directors Plans, conversion rights of the Convertible Promissory Note and available warrants. The Class A shares have one vote per share and the Class B shares have three votes per share, except under certain circumstances such as voting on voluntary liquidation, sale of substantially all the assets, etc. Dividends up to \$.10 per year, noncumulative, must be paid on Class A shares before any dividends are paid on Class B shares.

11. STOCK COMPENSATION

The Company's 2013 Omnibus Equity Plan was approved and adopted by an affirmative vote of a majority of the Company's Class A and Class B Shareholders and provides for the grant of the following types of incentive awards: stock options, stock appreciation rights, restricted shares, restricted share units, performance shares and Class A Common Shares. Those who will be eligible for awards under the 2013 Omnibus Plan include employees who provide services to the Company and its affiliates, executive officers, non-employee Directors and consultants designated by the Compensation Committee. The Plan has 150,000 Class A Common Shares reserved for issuance. The Class A Common Shares may be either authorized, but unissued, common shares or treasury shares. There were no share-based awards granted during the three months ended December 31, 2017. Share-based awards of 36,333 were granted under the 2013 Omnibus Equity Plan as of September 30, 2017.

The Company's expired Outside Directors Stock Option Plans (collectively the "Directors Plans"), have provided for the automatic grant of options to purchase up to 5,000 shares of Class A Common Stock over a three-year period to members of the Board of Directors who were not employees of the Company, at the fair market value on the date of grant. The options are exercisable for up to 10 years. All options granted under the Directors Plans became fully exercisable on March 8, 2015.

Non-cash compensation expense related to stock option plans was \$0 for the three months ended December 31, 2017 and 2016, respectively, and was \$129,832, \$0 and \$543 for fiscal years ended September 30, 2017, 2016 and 2015, respectively.

Transactions involving the Directors Plans are summarized as follows:

	Three Months December 31, 2017	Weighted Average Exercise Price	Fiscal Year September 30, 2017	Weighted Average Exercise Price	Fiscal Year September 30, 2016	Weighted Average Exercise Price	Fiscal Year September 30, 2015	Weighted Average Exercise Price
Option Shares								
Directors Plans:								
Outstanding beginning of the period	5,000	\$ 3.54	5,000	\$ 3.54	6,000	\$ 3.44	22,000	\$ 5.3
Granted	-	-	-	-	-	-	-	-
Canceled/expired	-	\$ -	-	\$ -	(1,000)	\$ 2.925	(16,000)	\$ 6
Exercised	-	-	-	-	-	-	-	-
Outstanding end of the period	5,000	\$ 3.54	5,000	\$ 3.54	5,000	\$ 3.54	6,000	\$ 3.44
Exercisable end of the period	5,000	\$ 3.54	5,000	\$ 3.54	5,000	\$ 3.54	6,000	\$ 3.44

The following is a summary of the range of exercise prices for stock options outstanding and exercisable under the Directors Plans at December 31, 2017.

Directors Plans	Outstanding Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Life	Number of Stock Options Exercisable	Weighted Average Exercise Price
Range of exercise prices:					
\$ 2.925	4,000	\$ 2.925	3.9	4,000	\$ 2.925
\$ 6.00	1,000	\$ 6.000	2.1	1,000	\$ 6.000
	5,000	\$ 3.540		5,000	\$ 3.540

The Company accounts for Share-Based Payments under the modified prospective method for its stock options. Compensation cost for fixed based awards is measured at the grant date, and the Company uses the Black-Scholes option pricing model to determine the fair value estimates for recognizing the cost of employee and director services received in exchange for an award of equity instruments. The Black-Scholes option pricing model requires the use of subjective assumptions which can materially affect the fair value estimates. Director's stock options under the expired Outside Directors Stock Option Plans are exercisable over a three-year period. The fair value of stock option grants to Directors is amortized over the three-year vesting period.

12. INCOME TAXES

A reconciliation of the provision (recovery) of income taxes to the statutory federal income tax rate is as follows:

	Three Months December 31, 2017	Fiscal Year September 30, 2017	Fiscal Year September 30, 2016	Fiscal Year September 30, 2015
Income (Loss) Before Provision for (Recovery of) Income Taxes	\$ 1,177,991	\$ 2,188,760	\$ 1,333,248	\$ (122,377)
Statutory rate	34%	34%	34%	34%
Tax at statutory rate	400,517	744,178	453,304	(41,608)
Permanent differences	2,055	5,465	1,000	900
Research and development and other credits - net	-	(77,220)	(47,400)	(48,500)
Valuation allowance	(452,681)	-	(3,681,100)	82,200
State Tax	25,654	130,560	-	-
State Net Operating Loss	-	(174,223)	-	-
Transaction Costs	-	95,849	-	-
Deferred Adjustments - change in tax rates	290,965	-	-	-
Change in Reserve for uncertain tax positions	395,000	-	-	-
Other	6,219	55,755	(25,404)	7,008
Provision for (recovery of) income taxes	\$ 667,729	\$ 780,364	\$ (3,299,600)	\$ -

Deferred tax assets (liabilities) consist of the following:

	December 31, 2017	September 30, 2017	September 30, 2016
Inventories	\$ 116,673	\$ 291,338	\$ 302,600
Bad debts	13,799	21,171	3,400
Accrued liabilities	140,280	88,817	77,700
Prepaid expense	(59,085)	(73,120)	(8,900)
Depreciation and amortization	166,798	220,967	93,000
Research and development and other credit carryforwards	2,150,820	2,179,462	2,019,700
Net operating loss carryforward	59,852	520,087	1,303,000
Directors stock option plan	27,074	41,537	40,100
Total deferred tax asset	2,616,211	3,290,259	3,830,600
Valuation allowance	(47,319)	(500,000)	(500,000)
Reserve for uncertain tax positions	(395,000)	-	-
Total reserves & allowances	(442,319)	(500,000)	(500,000)
Net deferred tax asset	\$ 2,173,892	\$ 2,790,259	\$ 3,330,600

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 was signed into law. As a result, the Company recorded tax expense of \$0.3 million due to a remeasurement of deferred tax assets and liabilities based upon the decrease in the corporate tax rate from 34% to 21%.

Valuation Allowance

The Company recorded a tax benefit of approximately \$0.5 million related to the reduction of the valuation allowance for deferred tax assets at December 31, 2017. The reduction in the valuation allowance is related to the utilization of a significant amount of the net operating loss carryforward and the Company's expectation that the majority of the research and development and other credit carryforwards will be utilized in the future.

Reserve for Uncertain Tax Positions

At December 31, 2017, the Company recorded a reserve of \$0.4 million for unrecognized tax benefits related to exposures in accordance with ASC 740. Because of the uncertainties involved with this significant estimate, it is reasonably possible that the Company's estimate may change in the near term.

Net Operating Loss Carryforwards:

The Company has federal and state net operating loss (NOL) and research and development (R&D) and other credit carryforwards for tax purposes which expire as follows:

Tax Year Expires	Federal NOLS	State NOLS	R& D & Other Credits
2018	\$ -	\$ -	\$ 166,019
2019	-	-	198,072
2020	-	-	126,620
2021	-	-	48,573
2022	-	-	107,172
2023	-	-	156,392
2024	-	-	155,394
2025	-	-	139,885
2026	-	-	154,991
2027	-	-	152,732
2028	-	-	68,676
2029	-	-	31,081
2030	-	-	44,712
2031	-	-	59,085
2032	-	312,351	71,062
2033	-	532,837	73,198
2034	29,274	285,607	76,429
2035	99,688	-	73,315
2036	-	-	117,000
2037	-	-	-
2038 and beyond	-	-	130,412
	\$ 128,962	\$ 1,130,795	\$ 2,150,820

13. EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per share.

	Three Months Ended December 31,		Fiscal Years Ended September 30,		
	2017	2016	2017	2016	2015
	(unaudited)				
Basic Income (Loss) Per Share					
Income (Loss) available to common stockholders	\$ 510,262	\$ (313,706)	\$ 1,408,396	\$ 4,632,848	\$ (122,377)
Shares denominator	2,888,502	2,853,107	2,874,926	1,943,625	1,638,215
Per share amount	\$ 0.18	\$ (0.11)	\$ 0.49	\$ 2.38	\$ (0.07)
Effect of Dilutive Securities					
Average shares outstanding	2,888,502	2,853,107	2,874,926	1,943,625	1,638,215
Options and warrants under convertible note	367,510	48,477	194,151	16,496	-
	3,256,012	2,901,584	3,069,077	1,960,121	1,638,215
Diluted Income (Loss) Per Share					
Income (Loss) available to common stockholders	\$ 510,262	\$ (313,706)	\$ 1,408,396	\$ 4,632,848	\$ (122,377)
Per share amount	\$ 0.16	\$ (0.11)	\$ 0.46	\$ 2.36	\$ (0.07)

Included in the computation of diluted earnings per share for the three months ended December 31, 2017 and 2016 and for fiscal 2017 and 2016 were options, warrants and underlying shares related to the convertible notes.

Options and warrants to purchase 5,000 and 100,000 shares of common stock respectively during fiscal 2015 at prices ranging from \$2.50 to \$6.00 per share were outstanding but were not included in the computation of diluted earnings per share because the option's and warrant's effect was antidilutive or the exercise price was greater than the average market price of the common share.

14. EMPLOYEE BENEFIT PLANS

The Company has 401(k) Savings and Retirement Plans covering all full-time employees. Company contributions to the plans, including matching of employee contributions, are at the Company's discretion. For the three months ended December 31, 2017 and 2016 and fiscal years ended September 30, 2017, 2016 and 2015, the Company made matching contributions to the plans in the amount of \$17,545, \$2,532, \$39,249, \$14,412 and \$15,045, respectively. The Company does not provide any other postretirement benefits to its employees.

15. ACQUISITIONS

The Company purchased certain assets and assumed certain liabilities of Air Enterprises Acquisition LLC on June 1, 2017 for \$10,250,000. The acquired business, which operates under the name Air Enterprises, manufactures custom air handling units under fixed price contracts. Its customers are typically in the health care, universities, research, pharmaceutical and industrial manufacturing market segments, and span all across the United States and worldwide. Air Enterprises has one operating location in Northeastern Ohio. The purchase price was assigned to the fair value of the net assets acquired with the excess over the book value assigned to intangible assets and goodwill and has been allocated to the following accounts:

Accounts Receivable	\$	4,761,368
Inventory		594,503
Costs in excess of billings		3,980,824
Fixed Assets		2,112,120
Prepaid and Other Assets		53,110
Intangibles Assets		1,230,000
Goodwill		631,392
Total Assets Acquired	\$	13,363,317
Accounts Payable	\$	1,726,618
Costs in excess of billings		594,545
Accrued Payroll		325,950
Accrued Expense		424,671
Lease Payable		41,533
Total Liabilities Assumed	\$	3,113,317
Net Assets Acquired	\$	10,250,000

The Company purchased Federal Hose Manufacturing LLC on July 1, 2016 for \$5,851,531 in exchange for the issuance of 911,250 shares of Class A stock for \$847,463, 303,750 shares of Class B Stock for \$235,406, and issuance of promissory notes payable to First Francis Company Inc. for \$4,768,662. The purchase price was assigned to the book value of the net assets acquired with the excess over the book value assigned to intangible assets and goodwill.

The purchase price has been allocated to the following accounts:

Cash	\$	30,097
Accounts Receivable - trade		834,720
Inventory		1,755,879
Prepaid Expenses		9,909
Fixed Assets		769,000
Customer List		1,280,000
Goodwill		1,777,656
Total Assets Acquired	\$	6,457,261
Accounts Payable	\$	475,280
Accrued Payroll		14,725
Accrued Expenses		115,725
Total Liabilities Assumed	\$	605,730
Net Assets Acquired	\$	5,851,531

Acquisition related costs included in Other Expense, Net in the consolidated statements of income were \$0 and \$0 for the three months ended December 31, 2017 and 2016, respectively, and \$281,909 in fiscal 2017, \$211,951 in fiscal 2016, and \$71,939 in fiscal 2015, respectively. Also, see Note 4, Bank Debt and Note 5, Notes Payable regarding further information regarding the acquisitions and the loan agreements and notes issued in connection with such acquisitions.

16. SEGMENT AND RELATED INFORMATION

The Company operates three reportable segments: 1) commercial air handling, 2) test and measurement and 3) industrial hose. The Company's management evaluates segment performance based primarily on income (loss) before the provision for income taxes. Non-operating items such as marketing and general administrative expenses, interest income and interest expense are included in administrative and other expenses. Depreciation expense on assets used in manufacturing are considered part of each segment's operating performance. Depreciation expense on non-manufacturing assets is included in administrative and other expenses.

Commercial Air Handling:

This segment manufactures custom air handling units under fixed price contract to customers in the health care, universities, research, pharmaceutical and industrial manufacturing market segments, and across the United States and worldwide.

Test and Measurement:

This segment consists of diagnostic tools and equipment sold to the automotive industry and indicators and gauges sold primarily to companies in the aircraft and locomotive industries. These products are sold to original equipment manufacturers and to the aftermarket using a variety of distribution methods.

Industrial Hose:

This segment consists primarily of flexible metal and silicone hose products designed and manufactured or distributed primarily to the trucking industry and other industrial end-users. These products are sold to original equipment manufacturers and to the aftermarket using a variety of distribution method.

Information by industry segment is set forth below:

	Three Months Ended December 31,		Fiscal Years Ended September 30,		
	2017	2016	2017	2016	2015
	(unaudited)				
Net Sales					
Commercial Air Handling	\$ 9,004,560	\$ -	\$ 11,190,844	\$ -	\$ -
Test and Measurement	1,161,773	827,066	6,610,684	4,884,778	5,852,924
Industrial Hose	1,587,886	1,529,860	6,015,207	1,761,002	-
	<u>\$ 11,754,219</u>	<u>\$ 2,356,926</u>	<u>\$ 23,816,735</u>	<u>\$ 6,645,780</u>	<u>\$ 5,852,924</u>
Income (Loss) Before Provision for Income Taxes					
Commercial Air Handling	\$ 905,736	\$ -	\$ 1,424,878	\$ -	\$ -
Test and Measurement	96,947	(45,409)	1,859,936	143,021	940,016
Industrial Hose	205,910	389,637	595,939	16,075	-
General Corporate Expenses	(30,602)	(649,934)	(1,691,993)	1,174,152	(1,062,393)
	<u>\$ 1,177,991</u>	<u>\$ (305,706)</u>	<u>\$ 2,188,760</u>	<u>\$ 1,333,248</u>	<u>\$ (122,377)</u>

Geographical Information

Included in the consolidated financial statements are the following amounts related to geographic locations:

	Three Months Ended December 31,		Fiscal Years Ended September 30,					
	2017		2017		2016		2015	
Revenue:								
United States of America	\$	10,279,947	\$	22,735,948	\$	6,492,423	\$	5,678,888
Australia		997		4,112		60,412		20,043
Canada		86,386		419,625		59,653		75,612
England		1,324,042		-		25,789		21,822
Mexico		4,649		315,869		6,976		26,902
Poland		52,492		316,666		-		-
Other		5,706		24,515		527		29,657
	\$	11,754,219	\$	23,816,735	\$	6,645,780	\$	5,852,924

In the three-month period ending December 31, 2016 (unaudited), over 95% of the Company's product was sold within the United States. All export sales to Australia, Canada, England, Mexico, and other foreign countries are made in US Dollars.

17. QUARTERLY DATA (UNAUDITED)

The following table presents the Company's unaudited quarterly consolidated income statement data for its previous eight quarters. These quarterly results include all adjustments consisting of normal recurring adjustments that the Company considers necessary for the fair presentation for the quarters presented and are not necessarily indicative of the operating results for any future period.

	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Net Sales	\$ 10,892,868	\$ 7,220,626	\$ 3,346,315	\$ 2,356,926	\$ 2,692,040	\$ 1,530,244	\$ 1,046,624	\$ 1,376,872
Gross Profit	\$ 3,034,379	\$ 3,029,146	1,377,514	583,238	561,720	760,244	352,080	636,351
Net Income (Loss)	567,439	941,523	213,140	(313,706)	5,152,576	(8,095)	(464,444)	(47,189)
Net Income (Loss) per Common Share:								
Basic	\$ 0.20	\$ 0.33	\$ 0.07	\$ (0.11)	\$ 1.81	\$ (0.01)	\$ (0.28)	\$ (0.03)
Diluted	\$ 0.18	\$ 0.31	\$ 0.07	\$ (0.11)	\$ 1.77	\$ (0.01)	\$ (0.28)	\$ (0.03)

18. SUBSEQUENT EVENTS

In preparing these financial statements, subsequent events were evaluated through the time the financial statements were issued. Financial statements are considered issued when they are widely distributed to all shareholders and other financial statement users, or filed with the Securities and Exchange Commission. In accordance with applicable accounting standards, all material subsequent events have been either recognized in the financial statements or disclosed in the notes to the financial statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not Applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

As of December 31, 2017, an evaluation was performed, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer along with the Company's Vice President, Finance and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the Company's management, including the Chief Executive Officer along with the Company's Vice President, Finance and Chief Financial Officer, concluded that the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act") were effective as of December 31, 2017 to ensure that information required to be disclosed by the Company in reports that it files and submits under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and (2) is accumulated and communicated to the Company's management, including its principal executive and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. There were no changes in the Company's internal controls over financial reporting during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes policies and procedures that (1) pertain to maintaining records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company's receipts and expenditures are being made only in accordance with authorization of the Company's management and directors, and (3) provide reasonable assurance regarding prevention or the timely detection of unauthorized acquisition, use or disposal of the company's assets that could have a material effect on the financial statements.

Management, including the Company's Chief Executive Officer along with the Company's Vice President, Finance and Chief Financial Officer, does not expect that the Company's internal controls will prevent or detect all errors and all fraud. An internal control system no matter how well designed and operated can provide only reasonable, not absolute, assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, collusion of two or more people, or by management override of the control. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Hickok Incorporated is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. Under the supervision and with the participation of management, including the Company's Chief Executive Officer along with the Company's Vice President, Finance and Chief Financial Officer, we conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2017, as required by Rule 13a-15(c) of the Securities Exchange Act of 1934, as amended. In making this assessment, we used the criteria set forth in the framework in Internal Control-Integrated Framework (1992) for Small Public Companies issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control-Integrated Framework for Small Public Companies, our management concluded that our internal control over financial reporting was effective as of December 31, 2017.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

/s/ B. E. Powers

B. E. Powers
Chief Executive Officer

/s/ K. J. Marek

K. J. Marek
Chief Financial Officer

February 14, 2018

ITEM 9B. OTHER INFORMATION.

None.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.****DIRECTORS**

Name and Business Experience (1)	Age
Robert L. Bauman	78
Edward F. Crawford	79
Matthew V. Crawford	48
Brian E. Powers	54
Steven H. Rosen	46
Kirin M. Smith	39

Robert L. Bauman was appointed to the Hickok Board in 1980 and was President and Chief Executive Officer of the Company from July 1993 to September 1, 2016 and Chairman of the Company from July 1993 to May 2001. Employed by the Company since 1962, Mr. Bauman has served in engineering, sales and marketing, and operations manager capacities prior to his election as President in 1991. The Board of Directors has determined that Mr. Bauman should serve as a director because of his previous role as the Company's President and Chief Executive Officer and his extensive experience and knowledge of the Company.

Edward F. Crawford was appointed to the Hickok Board in 2012. Mr. Crawford has served as Director, Chairman and Chief Executive Officer of Park-Ohio Holdings Corp. since 1992, President from 1997 to 2003, and Chairman and Chief Executive Officer of The Crawford Group (a venture capital, management consulting company) since 1964. Mr. Crawford has amassed extensive knowledge of public and private company strategies and operations and brings to the Board his experience in leading a variety of private enterprises for over 40 years.

Matthew V. Crawford was appointed to the Hickok Board in 2014. Mr. Crawford has served as President and Chief Operating Officer of Park-Ohio Holdings Corp. since 2003, Senior Vice President from 2001 to 2003, and Assistant Secretary and Corporate Counsel from 1995 to 2001. Mr. Crawford has also served as a director of Park-Ohio Holdings Corp. since 1997 and as President of The Crawford Group (a venture capital, management consulting company) since 1995. Mr. Crawford has amassed extensive knowledge of public and private company strategies and operations. Mr. Crawford has been designated to serve per the Roundball LLC contractual rights under the Convertible Loan Agreement. Matthew V. Crawford is the son of Edward F. Crawford.

Brian E Powers was appointed to the Hickok Board in 2014 was appointed as President and Chief Executive Officer of the Company in September 2016. Prior to joining the Company, Mr. Powers served as Owner of Brian Powers & Associates LLC since 2001 (management consulting firm); Chief Administrative Officer and General Counsel of Greencastle LLC (developer of data centers and clean energy projects), 2014-2015; Managing Director of League Park Advisors LLC (mid-market investment banking firm) from 2010 to 2014; Chief Executive Officer of Caxton Growth Partners LLC (strategic management consulting firm) from 2001 to 2010. Mr. Powers brings over 20 years of diverse experience as a business executive, entrepreneur, management consultant, corporate lawyer and investment banker to the Board.

Steven H. Rosen was appointed to the Hickok Board in 2012. Mr. Rosen has served as Co-Chief Executive Officer and Co-Founder of Resilience Capital Partners (private equity firm) since 2001. Mr. Rosen brings to the Board an extensive background in mergers and acquisitions, financial analysis and consulting as well as contacts throughout the financial and investing field. Mr. Rosen represents Roundball LLC and has been designated to serve pursuant to Roundball LLC's contractual right under the Convertible Loan Agreement. Mr. Rosen serves on the Board of Directors for Park-Ohio Holdings Corp., a local public company, and several private companies.

Kirin M. Smith was appointed to the Hickok Board in 2009. Mr. Smith has served as Managing Partner of Intrinsic Value Capital, L.P. (fundamental equity investment fund) since November 2005; Chief Operating Officer of ProActive Capital Group (capital markets advisory firm) since January 2012; Assistant Vice President of Financial Dynamics (business and financial communications consultancies) for five years prior to November 2005. Mr. Smith brings an extensive background in financial analysis and consulting to the Board, as well as contacts throughout the financial and investing field. Mr. Smith also represents major Class A Common Stock shareholders, bringing this perspective to the Board as well.

Information required by this Item as to the Audit Committee, the Audit Committee financial expert, the procedures for recommending nominees to the Board of Directors and compliance with Section 16(a) of the Exchange Act is incorporated herein by reference to the information set forth under the captions "Information Regarding Meetings and Committees of the Board of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held on March 13, 2018.

The Company has historically operated under informal ethical guidelines, under which the Company's principal executive, financial, and accounting officers, are held accountable. In accordance with these guidelines, the Company has always promoted honest, ethical and lawful conduct throughout the organization and has adopted a written Code of Ethics for the Chief Executive Officer and Chief Financial Officer. In addition, the Company adopted and the Board of Directors approved a written Code of Business Conduct for all officers and employees. The Company also implemented a system to address the "Whistle Blower" provision of the Sarbanes-Oxley Act of 2002.

ITEM 11. EXECUTIVE COMPENSATION.

The following table sets forth the compensation for services in all capacities to the Company of the Chief Executive Officer for the three month period ended December 31, 2017 (T2017) and for fiscal 2017 and fiscal 2016 (the "Named Executive Officer").

Summary Compensation Table

Name and Principal Position (a)	Year/ Period (b)	Salary (c)	Bonus (d) (1)	Restricted Stock Awards (e) (2)	Stock Option Awards (f)	All Other Compensation (i)	Total (j)
Brian E. Powers (3)							
President & Chief Executive Officer	T2017	\$ 47,500	\$ -	\$ -	\$ -	\$ -	\$ 47,500
	2017	\$ 70,000	\$ -	\$ 85,500	\$ -	\$ -	\$ 155,500
	2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Robert L. Bauman (4)							
President & Chief Executive Officer	T2017	\$ -	\$ -	\$ -	\$ -	\$ 1,275	\$ 1,275
	2017	\$ 23,750	\$ -	\$ 10,500	\$ -	\$ 2,361	\$ 36,611
	2016	\$ 95,000	\$ -	\$ -	\$ -	\$ -	\$ 95,000

(1) Represents bonuses earned from the plans described in the section "Profit Sharing Plans" below. Bonuses are normally paid after the end of the year for that year (e.g., bonus distributions that accrued in fiscal year 2016 will actually be paid in fiscal year 2017). There was no bonus accrued in fiscal 2017 or 2016.

(2) Represents the value of Class A Common Stock grants awarded. Under the Company's 2013 Omnibus Equity Plan, the Compensation Committee of the Board of Directors has the authority to grant stock awards to Key Employees. During 2016 there were no stock awards granted to the Named Executive under the 2013 Omnibus Equity Plan.

(3) Mr. Powers was elected as Chief Executive Officer effective September 1, 2016.

(4) Mr. Bauman informed the Company of his intention to retire as President & Chief Executive Officer effective September 1, 2016.

The Compensation Committee ("Committee") recommended an increase in the base salary for Mr. Powers to \$190,000 effective October 1, 2017. The Committee also recommended an increase in the base salary for Kelly J. Marek, Chief Financial Officer, to \$110,000 effective October 1, 2017. The Board of Directors approved the Committee's recommendation. Mr. Powers and Mrs. Marek were also granted stock awards under the 2013 Omnibus Equity Plan based upon their performance. The Company believes the most effective compensation program rewards executives' contribution in achieving and exceeding goals of the Company, and aligns executives' interests with those of the stockholders. Moreover, the Company believes a successful compensation structure will help the Company attract and retain superior employees in key positions.

Outstanding Equity Awards at Fiscal Year-End

There are no outstanding named executive officer equity awards at December 31, 2017.

Compensation of Directors

We did not compensate our directors during the three-month period ended December 31, 2017.

Profit Sharing Plans

Under the Company's Charter Documents bonus distributions will be determined by the Compensation Committee of the Board of Directors after considering such factors as the employee's influence on Company results, performance during the preceding years (with emphasis on the previous year) and employee long-term anticipated contribution to corporate goals. The Company's Compensation Committee of the Board of Directors provided no bonuses in fiscal 2017.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The shareholders named in the following table include the executive officer named in the Executive Compensation table below and those persons known by the Company to be the beneficial owners of more than 5% of the outstanding Common Shares of the Company as of January 31, 2018. In addition, this table includes the beneficial ownership of Common Shares by the Directors and Executive Officers of the Company as a group on January 31, 2018.

Title of Class	Name and Business Address of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percent of Class
Common Shares, without par value, Class A and Class B	Janet H. Slade (2) 5862 Briar Hill Drive Solon, Ohio 44139	253 Class A (3) 75,000 Class B (3)	* 9.6%
	Patricia H. Aplin (2) 1178 Bellingham Drive Oceanside, California 92057	112,752 Class A (4) (5) 118,042 Class B (4) (5)	5.3% 15.2%
	Robert L. Bauman 10514 Dupont Avenue Cleveland, Ohio 44108	21,413 Class A (6) 176,768 Class B (6)	1.0% 22.7%
	Edward F. Crawford 10514 Dupont Avenue Cleveland, Ohio 44108	454,848 Class A (10) (13) 148,838 Class B (13)	21.3% 19.1%
	Matthew V. Crawford 10514 Dupont Avenue Cleveland, Ohio 44108	1,212,144 Class A (7) (8) (13) 259,968 Class B (9) (13)	47.3% 33.4%
	Jennifer Elliot 1178 Bellingham Drive Oceanside, CA 92057	112,752 Class A (4) (5) 118,042 Class B (4) (5)	5.4% 15.2%
	Intrinsic Value Capital, L.P. 708 Greenwich Street New York, New York 10014	51,114 Class A (11)	2.1%
	Steven H. Rosen 1660 West 2nd Street Suite 1100 Cleveland, Ohio 44113	748,407 Class A (7) (8) (10) 105,056 Class B (9)	29.2% 13.5%
	Roundball LLC 1660 West 2nd Street Suite 1100 Cleveland, Ohio 44113	747,407 Class A (7) (8) 105,056 Class B (9)	29.1% 13.5%
	Kirin M. Smith 708 Greenwich Street, 2E New York, New York 10014	67,049 Class A (11) (12)	3.1%
	Three Bears Trust 1660 West 2nd Street, Ste 1100 Cleveland, Ohio 44122	747,407 Class A (7) (8) 105,056 Class B (9)	29.1% 13.5%
	First Francis Company, Inc.	911,250 Class A (13) 303,750 Class B	42.6% 39.0%
	All Directors and Executive Officers as a group (10 persons)	1,807,454 Class A (14) 585,574 Class B	69.8% 75.2%

* Less than one percent.

(1) Pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, a person is deemed to be a beneficial owner of a security if he or she has or shares voting or investment power with respect to such security or has the right to acquire beneficial ownership within 60 days. Accordingly, the amounts shown throughout this Proxy Statement do not purport to represent beneficial ownership, except as determined in accordance with said Rule.

(2) Daughter of the late Robert D. Hickok.

(3) The ownership of 253 Class A Common Shares and 75,000 Class B Common Shares held by the Florence Janet Slade Trust is attributed to Ms. Slade pursuant to the Securities and Exchange Commission rules.

(4) Shares are held by the Aplin Family Trust.

(5) The ownership of 112,752 Class A Common Shares and 118,042 Class B Common Shares held by the Aplin Family Trust are attributed to Mrs. Elliott pursuant to the Securities and Exchange Commission rules.

(6) The ownership of 15,413 Class A Common Shares held by the Susan F. Bauman Revocable Trust and 176,768 Class B Common Shares held by the Robert L. Bauman Revocable Trust are attributed to Mr. Bauman pursuant to the Securities and Exchange Commission rules.

(7) According to Schedule 13D/A filed January 13, 2015 with the Securities and Exchange Commission, Roundball LLC, The Three Bears Trust and Matthew V. Crawford, and Steven H. Rosen have shared voting and dispositive power over 747,407 shares of the Company's Class A Common Shares (or 29.1% of the Class). Roundball LLC, The Three Bears Trust and Matthew V. Crawford, and Steven H. Rosen have shared voting and dispositive power over 95,000 shares of the Company's Class B Common Shares and furthermore Roundball LLC has entered into a 10 year voting agreement with Gretchen Hickok with respect to Ms. Hickok's 10,056 Class B Common Shares.

(8) Includes 326,489 Class A Common Shares which may be acquired by Roundball LLC upon the conversion of an immediately convertible promissory note, 100,000 Class A Common Shares which may be acquired upon the exercise of immediately exercisable warrants, which are attributed to Mr. Matthew V. Crawford, Three Bears Trust, and Mr. Rosen pursuant to the Securities and Exchange Commission rules. The ownership of 320,918 Class A Common Shares held by Roundball LLC are attributed to Mr. Matthew V. Crawford, Three Bears Trust, and Mr. Rosen pursuant to the Securities and Exchange Commission rules.

(9) The beneficial ownership of 105,056 Class B Common Shares held by Roundball LLC is attributed to Mr. Matthew V. Crawford, Three Bears Trust, and Mr. Rosen pursuant to the Securities and Exchange Commission rules.

(10) Includes 1,000 Class A Common Shares which may be acquired upon the exercise of immediately exercisable options.

(11) According to Schedule 13D/A filed January 18, 2011 with the Securities and Exchange Commission, the following reporting persons have shared voting and shared dispositive power over 51,114 shares of the Company's Class A Common Shares: Intrinsic Value Capital, L.P., Glaubman & Rosenberg Partners, LLC, b & Rosenberg Advisors, LLC, Joseph Hain and Kirin Smith. According to a Form 4 filed January 18, 2011, Joseph Hain has sole voting and dispositive power over an additional 4,150 such shares (for a total, combined with the above mentioned 51,114 shares, of 55,264 shares), and Kirin Smith has sole voting and dispositive power over an additional 9,935 such shares (for a total, combined with the above mentioned 51,114 shares, of 61,049 shares).

(12) Includes 3,000 Class A Common Shares which may be acquired upon the exercise of immediately exercisable options.

(13) First Francis Company Inc. is owned and controlled 49% by Mr. Edward Crawford and 51% by Mr. Matthew Crawford. The table assumes that Messrs. Edward Crawford and Matthew Crawford share the beneficial ownership of the Company stock in accordance with their ownership of First Francis Company Inc.

(14) Includes 452,823 Class A Common Shares which the Directors and the Executive Officers of the Company have the right to acquire upon the exercise of immediately exercisable convertible notes, options, warrants and unvested restricted stock awards.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

TRANSACTIONS WITH MANAGEMENT

During the three-month period ended December 31, 2017 and during fiscal years 2017 and 2016, no transactions were proposed or occurred that are required to be disclosed pursuant to Item 404 of Regulation S-K under the Securities Exchange Act of 1934, except as follows:

Convertible Loan Agreement. On December 30, 2011, Hickok Incorporated (the "Company") entered into a Convertible Loan Agreement (the "Initial Convertible Loan Agreement") with Roundball LLC, an Ohio limited liability company ("Roundball"), and the Aplin Family Trust (the "Aplin Trust," and, together with Roundball, the "Investors"), and solely with respect to Section 3 thereof, Robert L. Bauman. Under the Initial Convertible Loan Agreement, the Company issued a convertible note to Roundball (the "Roundball Note") in the principal amount of \$466,879.87 (the "Closing Roundball Loan Amount") and a convertible note to the Aplin Trust in the principal amount of \$208,591.20 (the "Aplin Note," and, together with the Roundball Note, the "Notes"). The Notes are unsecured, bear interest at a rate of 0.20% per annum and were set to mature on December 30, 2012. The Notes rank pari passu with amounts outstanding under the Company's then existing revolving credit agreement.

Under the Initial Convertible Loan Agreement, at any time prior to the maturity date of the Roundball Note, Roundball has the right, exercisable at its option, to cause the Company to borrow up to an additional \$466,879.88 from Roundball (the "Roundball Option"). Each loan made pursuant to the Roundball Option may be made on any business day in such amount as Roundball may determine by notice to the Company and shall bear interest from the date of disbursement of such additional loan. However, Roundball may not exercise the Roundball Option with respect to an amount less than \$10,000 unless the aggregate amount of the Roundball Option which has not been exercised is less than such amount, in which case Roundball may only exercise the Roundball Option for the entire remaining amount thereof.

The Notes may be converted by the Investors at any time, in whole or in part, into Class A Common Shares of the Company ("Conversion Shares") at a conversion price of \$1.43 per share. The Roundball Note, if the Roundball Option has been exercised in full, may be converted into an additional 326,429 Conversion Shares. If the Investors have not fully converted either of the Notes into Conversion Shares by their respective maturity dates, the Company may, at the discretion of the Company's board of directors (the "Board"), either pay the outstanding principal and accrued and unpaid interest outstanding under the applicable Note or convert such Note, in whole, into Conversion Shares.

The Investors also have been provided with certain rights to nominate individuals for election to the Company's Board under the Initial Convertible Loan Agreement. Upon conversion of one-half (1/2) of the Closing Roundball Loan Amount into Conversion Shares, Roundball may, in its sole discretion, cause the Company to include an individual designated by Roundball as a nominee for election to the Board at all subsequent annual meetings of the Company's shareholders that occur prior to the maturity of the Roundball Note (the "Roundball Nominee Power"). Upon conversion of all of the Closing Roundball Loan Amount into Conversion Shares, Roundball may, in its sole discretion, cause the Company to include two individuals selected by Roundball as nominees for election to the Board at all subsequent annual meetings of the Company's shareholders that occur prior to the maturity of the Roundball Note (the "Dual Roundball Nominee Power"). If Roundball has exercised the Roundball Option in full and subsequently converted the Roundball Note in full into Conversion Shares prior to its maturity date, the Roundball Nominee Power and the Dual Roundball Nominee Power shall remain in effect as follows: (i) the Dual Roundball Nominee Power will continue until the earlier to occur of Roundball owning shares representing less than fifteen percent (15%) of the total voting power of the Company, or five (5) years from the closing date of the Initial Convertible Loan Agreement; and (ii) the Roundball Nominee Power will continue until the earlier to occur of Roundball owning shares representing less than ten percent (10%) of the total voting power of the Company, or five (5) years from the closing date of the Initial Convertible Loan Agreement.

The Initial Convertible Loan Agreement contains certain customary affirmative and negative covenants that expire upon the maturity of the Notes, including a restriction on the Company incurring any further indebtedness (subject to certain exceptions) and provisions requiring the proceeds from the Notes to be used exclusively for working capital purposes. The Company also agreed not to make any material change in its business or its present method of conducting business until the maturity dates of the Notes subject to consent.

Other material terms and conditions contained in the Initial Convertible Loan Agreement include a restriction on the transfer of the Notes and Conversion Shares to nonaffiliates of the Investors for one (1) year from the closing date, pre-emptive right for the Investors with respect to issuances by the Company of securities prior to the maturity of the Notes in order to allow the Investors to maintain their ownership in the Company as calculated assuming the Notes have been fully converted, and an obligation of the Company to provide monthly financial statements to the Investors.

Ancillary Agreements.

On December 30, 2015, the Company and Roundball entered into Amendment No. 4 ("Amendment No. 4") which further amends the existing Initial Convertible Loan Agreement to, among other things, (i) extend the Roundball Option to December 30, 2016, and (ii) extend the Borrower Option to December 30, 2016.

On December 30, 2015, in partial consideration for Amendment No. 4, the Company and Roundball entered into Amendment No. 1 to Warrant Agreement (the "Warrant Agreement Amendment") which modifies the Roundball Warrant Agreement by extending the expiration date for exercising such warrants from December 30, 2015 to December 30, 2016.

On December 20, 2016, the Company and Roundball entered into Amendment No. 5 ("Amendment No. 5") which further amends the existing Initial Convertible Loan Agreement to, among other things, (i) extend the Roundball Option to December 30, 2017, and (ii) extend the Borrower Option to December 30, 2017. The maturity date for any convertible notes issued pursuant to the Convertible Loan Agreement, as amended, is December 30, 2017.

On December 20, 2016, in partial consideration for Amendment No. 5, the Company and Roundball entered into Amendment No. 2 to Warrant Agreement (the "Warrant Agreement Amendment") which modifies the Roundball Warrant Agreement by extending the expiration date for exercising such warrants from December 30, 2016 to December 30, 2017.

On December 29, 2017, the Company and Roundball entered into Amendment No. 6 ("Amendment No. 6") which further amends the existing Initial Convertible Loan Agreement to, among other things, (i) extend the Roundball Option to December 30, 2018, and (ii) extend the Borrower Option to December 30, 2018. The maturity date for any convertible notes issued pursuant to the Convertible Loan Agreement, as amended, is December 30, 2018.

On December 29, 2017, in partial consideration for Amendment No. 6, the Company and Roundball entered into Amendment No. 3 to Warrant Agreement (the "Warrant Agreement Amendment") which modifies the Roundball Warrant Agreement by extending the expiration date for exercising such warrants from December 30, 2017 to December 30, 2018.

Revolving Credit Agreement. On June 3, 2016, the Company entered into an unsecured revolving credit agreement with First Francis Company Inc. ("First Francis"). First Francis became a major shareholder of the Company on July 1, 2016 when the Company completed the acquisition of Federal Hose Manufacturing LLC as further discussed under *Acquisition of Federal Hose*.

The credit arrangement provides for a revolving credit facility of \$250,000 with interest at 4.0% per annum and is unsecured. Each loan made under the credit arrangement will be due and payable in full on the expiration date of the revolver note. In addition, the agreement generally allows for borrowing based on an amount equal to eighty percent of eligible accounts receivable or \$250,000. The revolving line of credit expires May 31, 2017.

The Company recorded interest expense of \$2,889 for fiscal 2016. The Company had \$250,000 outstanding borrowings on the credit facility at September 30, 2016. On October 11, 2016, the outstanding balance of \$250,000 plus accrued interest was paid in full.

Acquisition of Federal Hose

The Company purchased Federal Hose Manufacturing LLC ("Federal Hose") on July 1, 2016 from First Francis Company, Inc. ("First Francis"), an entity owned by Edward F. Crawford and Matthew V. Crawford, directors of the Company. The Merger Agreement provided that the Company acquire all of the membership interests of Federal Hose in exchange for an aggregate of (i) 911,250 of the Company's Class A Common Shares; (ii) 303,750 of the Company's Class B Common Shares; and (iii) \$4,768,662 in certain promissory notes issued by the Company, which bear interest at an annual rate of 4% payable quarterly, are subject to redemption over a mandatory 10-year amortization schedule and are required to be fully redeemed within six years of their issuance date. In connection with this transaction, the Company also entered into a ten-year lease agreement with Edward Crawford for use of a facility in Painesville, Ohio out of which the Federal Hose business is operated. The Company, through its Federal Hose subsidiary will pay rent to Edward Crawford in the amount of \$15,000 per month under the lease agreement.

In connection with entering into a Credit Agreement with JPMorgan Chase Bank, N.A. on June 1, 2017, the Company made a one-time prepayment of a portion of the outstanding principal under outstanding promissory notes held by First Francis in the amount of \$500,000. The Company was not required to make any of the scheduled quarterly payments due under these notes for the remainder of calendar year 2017.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

During the three-month period ended December 31, 2017 (T2017) and for fiscal 2017 and 2016, Meaden & Moore, Ltd. provided various audit services and non-audit services to the Company. Set forth below are the aggregate fees billed for these services during such periods:

	T2017	2017	2016
Audit Fees	\$ 46,500	\$ 95,000	\$ 89,000
Audit-Related Fees	-0-	-0-	-0-
Tax Fees	-0-	23,000	-0-
All Other Fees	-0-	39,742	43,400
Totals	\$ 46,500	\$ 157,742	\$ 132,400

Audit Fees: Fees for audit services include fees associated with the audit of the Company's annual financial statements and for the reviews of the financial statements included in the Company's quarterly reports on Form 10-Q. Audit fees also include fees associated with providing consents included with, and assistance with and review of, documents filed with the SEC.

Audit-Related Fees: There were no Audit-Related Fees.

Tax Fees: Tax Fees are for assistance in the preparation of various tax forms and schedules.

All Other Fees: Other Fees are for services provided in connection with business transactions.

The Board has a policy to assure the independence of the Company's independent registered public accounting firm. It is the policy of the Company's Audit Committee to approve all engagements of the Company's independent auditor to render audit and non-audit services prior to the initiation of such services. All services listed above were preapproved by the Audit Committee.

PART IV**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.****(a) (1) FINANCIAL STATEMENTS**

The following Consolidated Financial Statements of the Registrant and its subsidiaries are included in Part II, Item 8:

Report of Independent Registered Public Accounting Firm	18
Consolidated Balance Sheet - As of December 31, 2017 September 30, 2017 and 2016	19
Consolidated Statement of Income – Three Months Ended December 31, 2017 and 2016 and Years Ended September 30, 2017, 2016 and 2015	21
Consolidated Statement of Stockholders' Equity - Three Months Ended December 31 2017 and Years Ended September 30, 2017, 2016 and 2015	22
Consolidated Statement of Cash Flows – Three Months Ended December 31, 2017 and 2016 and Years Ended September 30, 2017, 2016 and 2015	23
Notes to Consolidated Financial Statements	25

(a) (2) FINANCIAL STATEMENT SCHEDULES

The following Consolidated Financial Statement Schedules of the Registrant and its subsidiaries are included in Item 15 hereof.

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Report of Independent Registered Public Accounting Firm as to Schedules

Schedule II - Valuation and Qualifying Accounts

All other Schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(a) (3) EXHIBITS

Reference is made to the Exhibit Index set forth herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HICKOK INCORPORATED

By: /s/ Brian E. Powers

Brian E. Powers

Chairman, President and Chief Executive Officer

Date: February 14, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on the 14th day of February 2018:

SIGNATURE:

TITLE

/s/ Brian E. Powers

Brian E. Powers

Chairman, President and Chief

Executive Officer

(Principal Executive Officer)

/s/ Kelly J. Marek

Kelly J. Marek

Vice President and Chief

Financial Officer

(Principal Financial and Accounting Officer)

/s/ Robert L. Bauman

Robert L. Bauman

Director

/s/ Edward F. Crawford

Edward F. Crawford

Director

/s/ Matthew V. Crawford

Matthew V. Crawford

Director

/s/ Steven H. Rosen

Steven H. Rosen

Director

/s/ Kirin M. Smith

Kirin M. Smith

Director

EXHIBIT INDEX

EXHIBIT NO.:

DOCUMENT

- 2(a) [Agreement and Plan of Merger, dated January 8, 2016, by and among First Francis Company Inc., Federal Hose Manufacturing LLC, Edward F. Crawford, Matthew V. Crawford, the Company and Federal Hose Merger Sub, Inc. \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 12, 2016\).](#)
- 3(a) [Amended and Restated Articles of Incorporation. \(incorporated herein by reference to the appropriate exhibit to the Company's Form 10-K as filed with the Commission on January 14, 2013\).](#)
- 3(b) [Amended and Restated Code of Regulations. \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 12, 2016\).](#)
- 10(a) [Convertible Promissory Note, dated April 9, 2014, issued by the Company to Roundball in the principal amount of \\$100,000.00 \(incorporated herein by reference to the appropriate exhibit to the Company's Form 10-K as filed with the Commission on January 13, 2015\).](#)
- 10(b) [Convertible Promissory Note, dated May 2, 2014, issued by the Company to Roundball in the principal amount of \\$100,000.00 \(incorporated herein by reference to the appropriate exhibit to the Company's Form 10-K as filed with the Commission on January 13, 2015\).](#)
- 10(c) [Hickok Incorporated 2010 Outside Directors Stock Option Plan \(incorporated herein by reference to Appendix A of the Company's definitive proxy statement for its 2010 annual meeting of shareholders as filed with the Commission on January 26, 2010\). **](#)
- 10(d) [Hickok Incorporated 2013 Omnibus Equity Plan \(incorporated herein by reference to Appendix A of the Company's definitive proxy statement for its 2013 annual meeting of shareholders as filed with the Commission on January 28, 2013\). **](#)
- 10(e) [Convertible Loan Agreement, dated December 30, 2011, among the Company, the Investors, and solely with respect to Section 3 thereof, Robert L. Bauman \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 5, 2012\) effective through December 30, 2012.](#)
- 10(f) [Convertible Promissory Note, dated December 30, 2011, issued by the Company to Roundball in the principal amount of \\$466,879.87 \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 5, 2012\).](#)
- 10(g) [Convertible Promissory Note, dated December 30, 2011, issued by the Company to the Aplin Trust in the principal amount of \\$208,591.20 \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 5, 2012\) effective through December 30, 2012.](#)
- 10(h) [Registration Rights Agreement, dated December 30, 2011, among the Company and the Investors \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 5, 2012\).](#)
- 10(i) [Voting Agreement, dated December 30, 2011, among the Company, the Investors and the Class B Shareholders of the Company \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 5, 2012\) effective through December 30, 2012.](#)
- 10(j) [Subscription Agreement, dated December 30, 2011, between the Company and Roundball \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 5, 2012\) effective through December 30, 2012.](#)
- 10(k) [Form of Employment Agreement \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 5, 2012\). **](#)
- 10(l) [Amendment No. 1 to Convertible Loan Agreement, dated December 30, 2012, by and between the Company and Roundball, LLC. \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 4, 2013\) effective through December 30, 2013.](#)
- 10(m) [Warrant Agreement, dated December 30, 2012, by and between the Company and Roundball, LLC. \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 4, 2013\) effective through December 30, 2015.](#)
- 10(n) [Amendment No. 2 to Convertible Loan Agreement, dated December 30, 2013, by and between the Company and Roundball, LLC. \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 2, 2014\) effective through December 30, 2014.](#)

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10(o)	<u>Amendment No. 3 to Convertible Loan Agreement, dated December 31, 2014, by and between the Company and Roundball, LLC. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 6, 2015) effective through December 30, 2015.</u>
10(p)	<u>Amendment No. 1 to Registration Rights Agreement, dated December 31, 2014, by and between the Company and Roundball, LLC. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 6, 2015).</u>
10(q)	<u>Amendment No. 4 to Convertible Loan Agreement, dated December 30, 2015, by and between the Company and Roundball, LLC. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on December 30, 2015 effective through December 30, 2016.</u>
10(r)	<u>Amendment No. 1 to Warrant Agreement, dated December 30, 2015, by and between the Company and Roundball, LLC. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on December 30, 2015) effective through December 30, 2016.</u>
10(s)	<u>Revolving Credit Agreement, dated June 3, 2016 between the Company and First Francis Company Inc. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on June 7, 2016).</u>
10(t)	<u>Revolver Credit Promissory Note, dated June 3, 2016, between the Company and First Francis Company Inc. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on June 7, 2016).</u>
10(u)	<u>Revolving Credit Promissory Note, dated June 27, 2016, between the Company and First Francis Company Inc. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on June 30, 2016).</u>
10(v)	<u>Amendment No. 5 to Convertible Loan Agreement, dated December 20, 2016, by and between the Company and Roundball, LLC. effective through December 30, 2017 (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on December 27, 2016).</u>
10(w)	<u>Amendment No. 2 to Warrant Agreement, dated December 20, 2016, by and between the Company and Roundball, LLC. effective through December 30, 2017 (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on December 27, 2016).</u>
10(x)	<u>Credit Agreement, dated June 1, 2017, among Hickok Incorporated, Hickok Acquisition A LLC, Supreme Electronics Corp., Federal Hose Manufacturing LLC, Waekon Corporation, Hickok Operating LLC and JPMorgan Chase Bank, N.A. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on June 5, 2017).</u>
10(y)	<u>Asset Purchase Agreement dated June 1, 2017, among Hickok Acquisition A LLC, Air Enterprises Acquisition LLC, A. Malachi Mixon, III and William M. Weber (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on June 5, 2017).</u>
10(z)	<u>Amendment No. 6 to Convertible Loan Agreement, dated December 29, 2017, by and between the Company and Roundball, LLC. effective through December 30, 2018 (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on January 4, 2018).</u>
10(aa)	<u>Amendment No. 3 to Warrant Agreement, dated December 29, 2017, by and between the Company and Roundball, LLC. effective through December 30, 2018 (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on January 4, 2018).</u>
11	<u>Computation of Net Income Per Common Share.</u>
14	<u>Hickok Incorporated Financial Code of Ethics for the Chief Executive Officer and Specified Financial Officers.</u>
21	<u>Subsidiaries of the Registrant.</u>
23	<u>Consent of Independent Registered Public Accounting Firm.</u>
31.1	<u>Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer.</u>
31.2	<u>Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer.</u>
32.1	<u>Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS*	XBRL Instance
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation
101.DEF*	XBRL Extension Definition
101.LAB*	XBRL Taxonomy Extension Labels
101.PRE*	XBRL Taxonomy Extension Presentation

*XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

**Management contract, compensation plan or arrangement.

The following pages contain the Consolidated Financial Statement Schedules as specified for Item 8 of Part II of Form 10-K.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AS TO CONSOLIDATED SCHEDULE

To the Shareholders and Board of Directors
Hickok Incorporated
Cleveland, Ohio

We have audited the consolidated financial statements of HICKOK INCORPORATED (the "Company") as of December 31, 2017 and September 30, 2017 and 2016, and for the three-month period ended December 31, 2017 and each of the years in the three-year period ended September 30, 2017, and have issued our report thereon dated February 14, 2018, which contained an unqualified opinion on those consolidated financial statements; such consolidated financial statements and report are included in Part II, Item 8 of this Form 10-K/T. Our audits also included the consolidated financial statement schedule ("schedule") of the Company listed in Part IV, Item 15. The schedule has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The schedule is the responsibility of the Company's management. Our audit procedures included determining whether the schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the schedule. In forming our opinion on the schedule, we evaluated whether the schedule, including its form and content, is presented in conformity with Regulation S-X, Rule 12-09. In our opinion, the schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Meaden & Moore, Ltd.

MEADEN& MOORE, Ltd.

February 14, 2018
Cleveland, Ohio

HICKOK INCORPORATED
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts		
Deducted from Asset Accounts:					
Year Ended September 30, 2015					
Reserve for doubtful accounts	\$ 10,000	\$ (3,255) ⁽¹⁾	\$ - ⁽²⁾	\$ (3,255) ⁽³⁾	\$ 10,000
Reserve for inventory obsolescence	\$ 363,500	\$ (47,045) ⁽⁵⁾	\$ -	\$ 64,955 ⁽⁴⁾	\$ 251,500
Reserve for product warranty	\$ 9	\$ 12,555	\$ -	\$ 12,564	\$ -
Valuation allowance for deferred taxes	\$ 4,166,700	\$ 82,200	\$ -	\$ -	\$ 4,248,900
Year Ended September 30, 2016					
Reserve for doubtful accounts	\$ 10,000	\$ (1,784) ⁽¹⁾	\$ - ⁽²⁾	\$ (1,784) ⁽³⁾	\$ 10,000
Reserve for inventory obsolescence	\$ 251,500	\$ 82,292 ⁽⁵⁾	\$ -	\$ (98,200) ⁽⁴⁾	\$ 235,592
Reserve for product warranty	\$ -	\$ 8,912	\$ -	\$ 8,912	\$ -
Valuation allowance for deferred taxes	\$ 4,248,900	\$ (3,681,100)	\$ 67,800 ⁽⁶⁾	\$ -	\$ 500,000
Year Ended September 30, 2017					
Reserve for doubtful accounts	\$ 10,000	\$ 275 ⁽¹⁾	\$ - ⁽²⁾	\$ - ⁽³⁾	\$ 10,275
Reserve for inventory obsolescence	\$ 235,592	\$ 284,352 ⁽⁵⁾	\$ -	\$ (46,692) ⁽⁴⁾	\$ 473,252
Reserve for product warranty	\$ -	\$ -	\$ -	\$ -	\$ 0
Valuation allowance for deferred taxes	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Three Months Ended December 31, 2017					
Reserve for doubtful accounts	\$ 10,275	\$ - ⁽¹⁾	\$ - ⁽²⁾	\$ - ⁽³⁾	\$ 10,275
Reserve for inventory obsolescence	\$ 473,252	\$ 56,261 ⁽⁵⁾	\$ -	\$ (72,008) ⁽⁴⁾	\$ 457,505
Reserve for product warranty	\$ -	\$ -	\$ -	\$ -	\$ 0
Valuation allowance for deferred taxes	\$ 500,000	\$ (452,681)	\$ -	\$ -	\$ 47,319
Reserve for uncertain tax positions	\$ -	\$ 395,000	\$ -	\$ -	\$ 395,000

(1) Classified as bad debt expense

(2) Recoveries on accounts charged off in prior years

(3) Accounts charged off during year as uncollectible

(4) Inventory charged off during the year as obsolete

(5) Reduction in inventory obsolescence reserve

(6) Recovery of net operating loss reserve

HICKOK INCORPORATED
CONSOLIDATED STATEMENT OF COMPUTATION OF EARNINGS
PER COMMON SHARE AND SHARE EQUIVALENTS

	<u>Three Months Ended December 31,</u>		<u>Fiscal Years Ended September 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(unaudited)				
NET INCOME					
Net income (loss) applicable to common shares for basic earnings per share	\$ 510,261	\$ (313,706)	\$ 1,408,396	\$ 4,632,848	\$ (122,377)
Net Income (loss) applicable to common shares for diluted earnings per share	\$ 510,261	\$ (313,706)	\$ 1,408,396	\$ 4,632,848	\$ (122,377)
SHARES OUTSTANDING					
Weighted average shares for basic earnings per share	2,888,502	2,853,107	2,874,926	1,943,625	1,638,215
Net effect of dilutive options available under convertible note - based on the treasury stock method using year-end market price, if higher than average market price	367,510	48,477	194,151	16,496	-
Total shares for diluted earnings per share	2,256,012	2,901,584	3,069,077	1,960,121	1,638,215
Basic Earnings Per Common Share	\$ 0.18	\$ (0.11)	\$ 0.49	\$ 2.38	\$ (0.07)
Diluted Earnings Per Common Share	\$ 0.16	\$ (0.11)	\$ 0.46	\$ 2.36	\$ (0.07)

HICKOK INCORPORATED
FINANCIAL CODE OF ETHICS
FOR THE
CHIEF EXECUTIVE OFFICER AND
SPECIFIED FINANCIAL OFFICERS

This Hickok Incorporated Financial Code of Ethics applies to Hickok's principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. Hickok expects all of its employees to act with personal and professional integrity in all aspects of their employment, to comply with all applicable laws, rules and regulations, to deter wrongdoing and to abide by Hickok's other policies and procedures that govern the conduct of Hickok employees. This Financial Code of Ethics is intended to supplement Hickok's other policies and procedures.

You shall:

- (1) Engage in and promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (2) Produce full, fair, accurate, timely, and understandable disclosure in reports and documents that Hickok files with, or submits to, the Securities and Exchange Commission and other regulators and in other public communications made by Hickok;
- (3) Comply with applicable governmental laws, rules and regulations, as well as the rules and regulations of self-regulatory organizations of which Hickok is a member;
- (4) Promptly report any possible violation of this Financial Code of Ethics to the Chairman of the Audit Committee; and
- (5) Take all reasonable measures to protect the confidentiality of non-public, proprietary information about Hickok and its customers obtained or created in connection with your activities and to prevent the unauthorized disclosure of such information unless required by applicable law or regulation or legal or regulatory process.

You understand that you are prohibited from directly or indirectly taking any action to fraudulently influence, coerce, manipulate or mislead Hickok's independent public accountants for the purpose of rendering the financial statements of Hickok misleading.

You further understand that you will be held accountable for your adherence to this Financial Code of Ethics. Your failure to observe the terms of this Financial Code of Ethics may result in disciplinary action. Violations of this Financial Code of Ethics also may constitute violations of law and may result in civil and criminal penalties for you and/or Hickok.

HICKOK INCORPORATED

Subsidiaries of Registrant

<u>COMPANY NAME</u>	<u>STATE OF INCORPORATION</u>
Hickok AE LLC	Ohio
Hickok Operating LLC *	Ohio
Federal Hose Manufacturing LLC	Ohio
Supreme Electronics Corp.	Mississippi
Waekon Corporation*	Ohio

**inactive*

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-68196, 333-63597 and 333-125672) of Hickok Incorporated (the "Company") of our report dated February 14, 2018, related to the consolidated balance sheets as of December 31, 2017, September 30, 2017 and 2016, and the related consolidated statements of income, stockholders' equity, and cash flows for the three months ended December 31, 2017 and each of the years in the three-year period ended September 30, 2017, which appear in this Form 10-K/T.

/s/ Meaden & Moore, Ltd.

MEADEN & MOORE, Ltd.
Independent Registered Public Accounting Firm
Cleveland, Ohio

February 14, 2018

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Brian Powers, certify that:

1. I have reviewed this transition report on Form 10-K/T of Hickok Incorporated (the "registrant");
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By:

/s/ B. Powers

B. Powers

Chief Executive Officer

February 14, 2018

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Kelly J. Marek, certify that:

1. I have reviewed this transition report on Form 10-K/T of Hickok Incorporated (the "registrant");
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By:

/s/ K. J. Marek

K. J. Marek

Vice President, Finance
and Chief Financial Officer

February 14, 2018

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Transition Report of Hickok Incorporated (the "Company") on Form 10-K/T for the period ending December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian Powers, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ B. Powers

B. Powers

Chief Executive Officer

February 14, 2018

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Transition Report of Hickok Incorporated (the "Company") on Form 10-K/T for the period ending December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kelly J. Marek, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ K. J. Marek

K. J. Marek

Chief Financial Officer

February 14, 2018