

TECHNICAL COMMUNICATIONS CORPORATION AND SUBSIDIARY
Consolidated Balance Sheets (Unaudited)
September 30, 2023 and September 24, 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 34,247	\$ 6,727
Accounts receivable - trade	1,217,068	15,174
Government grant receivable - Employee retention credit	-	515,966
Inventories, net	920,770	966,185
Other current assets	75,886	186,963
Total current assets	<u>2,247,971</u>	<u>1,691,015</u>
Equipment and leasehold improvements	4,556,144	4,556,144
Less: accumulated depreciation and amortization	<u>(4,549,664)</u>	<u>(4,544,778)</u>
Equipment and leasehold improvements, net	<u>6,480</u>	<u>11,366</u>
Operating lease right-of-use asset	<u>84,377</u>	<u>248,462</u>
Total Assets	<u>\$ 2,338,828</u>	<u>\$ 1,950,843</u>
<u>Liabilities and Stockholders' Deficit</u>		
Current Liabilities:		
Current maturities of notes payable – long-term	\$ 3,023	\$ 1,996
Current maturities of related party notes payable	1,129,429	3,000,000
Current operating lease liabilities	81,887	164,086
Accounts payable	1,002,983	160,807
Customer deposits	23,933	3,933
Accrued liabilities:		
Accrued compensation and related expenses	287,859	204,412
Accrued interest	<u>371,439</u>	<u>118,208</u>
Total current liabilities	2,900,553	3,653,442
Long-term operating lease liability	2,490	84,376
Related party note payable – long-term, net of current maturities	2,870,571	-
Note payable – long-term, net of current maturities	<u>146,977</u>	<u>148,004</u>
Total Liabilities	<u>5,920,591</u>	<u>3,885,822</u>
Commitments and contingencies		
Stockholders' Deficit:		
Common stock, par value \$0.10 per share; 7,000,000 shares authorized; 1,854,403 shares issued and outstanding at September 30, 2023 and September 24, 2022	185,440	185,440
Additional paid-in capital	4,402,720	4,364,687
Accumulated deficit	<u>(8,169,923)</u>	<u>(6,485,106)</u>
Total stockholders' deficit	<u>(3,581,763)</u>	<u>(1,934,979)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 2,338,828</u>	<u>\$ 1,950,843</u>

TECHNICAL COMMUNICATIONS CORPORATION AND SUBSIDIARY
Consolidated Statements of Operations (Unaudited)
Years ended September 30, 2023 and September 24, 2022

	2023	2022
Net revenue	\$ 1,722,687	\$ 1,303,935
Cost of revenue	1,168,235	1,289,920
Gross profit	554,452	14,015
Operating expenses:		
Selling, general and administrative	1,321,638	1,914,336
Product development	664,546	816,633
Total operating expenses	1,986,184	2,730,969
Operating loss	(1,431,732)	(2,716,954)
Other income (expense):		
Interest income	14,238	515,966
Interest expense	(267,323)	(130,151)
Total other income (expense)	(253,085)	385,815
Net loss	\$ (1,684,817)	\$ (2,331,139)
Net loss per common share:		
Basic	\$ (0.91)	\$ (1.26)
Diluted	\$ (0.91)	\$ (1.26)
Weighted average shares:		
Basic	1,854,403	1,854,403
Diluted	1,854,403	1,854,403

TECHNICAL COMMUNICATIONS CORPORATION AND SUBSIDIARY
Consolidated Statements of Cash Flows (Unaudited)
Years ended September 30, 2023 and September 24, 2022

	<u>2023</u>	<u>2022</u>
Net loss	\$ (1,684,817)	\$ (2,331,139)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,886	5,996
Stock-based compensation	38,033	51,718
Changes in certain operating assets and liabilities:		
Accounts receivable	(1,201,894)	265,633
Government grant receivable	515,966	(515,966)
Inventories	45,415	191,197
Other current assets	111,077	(17,484)
Customer deposits	20,000	(41,191)
Accounts payable and other accrued liabilities	1,178,854	112,902
Net cash used in operating activities	(972,480)	(2,278,334)
Investing Activities:		
Additions to equipment and leasehold improvements	-	(12,961)
Net cash used in operating activities	-	(12,961)
Financing Activities:		
Proceeds from related party notes payable	1,000,000	2,000,000
Net cash provided by financing activities	1,000,000	2,000,000
Net change in cash and cash equivalents	27,520	(291,295)
Cash and cash equivalents at beginning of the period	6,727	298,022
Cash and cash equivalents at end of the period	<u>\$ 34,247</u>	<u>\$ 6,727</u>
<i>Supplemental Disclosures:</i>		
Income taxes paid	\$ -	\$ 912
Interest paid	<u>\$ 14,092</u>	<u>\$ 30,433</u>

TECHNICAL COMMUNICATIONS CORPORATION AND SUBSIDIARY
Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
Years ended September 30, 2023 and September 24, 2022

	2023		2022
<i>Shares of common stock:</i>			
Beginning balance	1,854,403		1,854,403
Ending balance	1,854,403		1,854,403
 <i>Common stock at par value:</i>			
Beginning balance	\$ 185,440	\$	185,440
Ending balance	\$ 185,440	\$	185,440
 <i>Additional paid-in capital:</i>			
Beginning balance	\$ 4,364,687	\$	4,312,969
Stock-based compensation	\$ 38,033	\$	51,718
Ending balance	\$ 4,402,720	\$	4,364,687
 <i>Accumulated deficit:</i>			
Beginning balance	\$ (6,485,106)	\$	(4,153,967)
Net loss	\$ (1,684,817)	\$	(2,331,139)
Ending balance	\$ (8,169,923)	\$	(6,485,106)
 Total stockholders' equity	\$ (3,581,763)	\$	(1,934,979)