

Tel-Instrument Electronics Corp. Reports Financial Results

For Third Quarter FY 2024

East Rutherford, NJ – February 13, 2024 – Tel-Instrument Electronics Corp. (“Tel-Instrument,” “TIC,” or the “Company”) (OTCQB: TIKK), a leading designer and manufacturer of avionics test and measurement solutions, today reported a net income of \$134K (\$0.01 per basic share) on revenues of \$2.4 million for the third quarter of 2024 fiscal year, ended December 31, 2023.

Notes On Third Quarter:

- Revenues for the third quarter were \$2.4 million, a 3% increase from \$2.3 million in the year-ago quarter.
- The gross margin percentage increased to 40% versus 38% in the year-ago quarter.
- Operating expenses decreased by \$239K, a 25% decline versus the year-ago level as a result of funded engineering projects.
- The order backlog remained strong at \$6.0 million.
- Net income was \$134K or \$0.01 per share and \$0.02 per diluted share.
- The Aeroflex lawsuit was paid in full. This was partially funded through the issuance of \$721k of preferred shares.
- \$690k credit line from Bank of America has been extended until June 30, 2024.

Mr. Jeffrey O’Hara, Tel-Instrument’s President and CEO commented: “We were disappointed by the Aeroflex lawsuit result but are glad to finally put it behind us. The third quarter represented a modest improvement, but we are still being impacted by supply chain issues that are delaying customer shipments. We have hired a new Supply Chain Manager to be more proactive in managing the difficult environment. We are expecting a much stronger FY 2025 due to the commencement of CRAFT ECP production; increased SDR-OMNI sales; and a \$1.5 million MADL order for the F-35 program. The SDR-OMNI test sets continue to gain market traction and we expect to secure a market leading position in the commercial avionics segment. We recently introduced an SDR-OMNI/MIL version and have received orders from two international customers. The engineering for the U.S. Army software upgrade for the TS-4530A product is now complete and we are waiting for government certification to close out this program. The CRAFT ECP engineering is proceeding on schedule and the Test Readiness Review (“TRR”) will take place this May. This will generate a \$1.2 million invoice which should shore up our cash position. The CRAFT ECP production contract should commence later this year and is expected to generate annual revenues of up to \$5 million per year.”

About Tel-Instrument Electronics Corp.

Tel-Instrument is a leading designer and manufacturer of avionics test and measurement solutions for the global commercial air transport, general aviation, and government/military aerospace and defense markets. Tel-Instrument provides instruments to test, measure, calibrate, and repair a wide range of airborne navigation and communication equipment. For further information, please visit our website at www.telinstrument.com.

This press release includes statements that are not historical in nature and may be characterized as “forward-looking statements,” including those related to future financial and operating results, benefits, and synergies of the combined companies, statements concerning the Company’s outlook, pricing trends, and forces within the industry, the completion dates of capital projects, expected sales growth, cost reduction strategies, and their results, long-term goals of the Company and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. All predictions as to future results contain a measure of uncertainty and, accordingly, actual results could differ materially. Among the factors which could cause a difference are: changes in the general economy; changes in demand for the Company’s products or in the cost and availability of its raw materials; the actions of its competitors; the success of our customers; technological change; changes in employee relations; government regulations; litigation, including its inherent uncertainty; difficulties in plant operations and materials; transportation, environmental matters; and other unforeseen circumstances. A number of these factors are discussed in the Company’s previous filings with the U.S. Securities and Exchange Commission. The Company disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this press release. The safe harbor for forward-looking statements contained in the Securities Litigation Reform Act of 1995 (the “Act”) protects companies from liability for their forward-looking statements if they comply with the requirements of the Act.

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TEL-INSTRUMENT ELECTRONICS CORP.

CONDENSED CONSOLIDATED BALANCE SHEETS

December 31,

2023

March 31,

2023

(unaudited)

ASSETS

Current assets:

Cash

\$

220,791

\$

3,839,398

Accounts receivable, net

1,176,203

900,881

Inventories, net

4,319,840

3,586,065

Restricted cash to support appeal bond

-

2,011,083

Prepaid expenses and other current assets

243,907

817,625

Total current assets

5,960,741

11,155,052

Equipment and leasehold improvements, net

83,495

85,167

Operating lease right-of-use assets

1,375,726

1,526,551

Deferred tax asset, net

2,630,274

2,627,935

Other long-term assets

35,109

35,109

Total assets

\$

10,085,345

\$

15,429,814

LIABILITIES & STOCKHOLDERS' EQUITY

Current liabilities:

Line of credit

\$

690,000

\$

690,000

Operating lease liabilities – current portion

208,076

202,087

Accounts payable

804,363

322,582

Deferred revenues - current portion

82,797

123,117

Accrued expenses -vacation pay, payroll and payroll withholdings

230,992

240,034

Accrued legal damages

-

6,360,698

Accrued expenses - other

220,808

157,896

Total current liabilities

2,237,036

8,096,414

Operating lease liabilities – long-term

1,167,650

1,324,464

Other long term liabilities

48,140

53,416

Deferred revenues – long-term

128,778

173,883

Total liabilities

3,581,604

9,648,177

Commitments and contingencies

Stockholders' equity:

Preferred stock, 1,000,000 shares authorized, par value \$0.10 per share

Preferred stock, 500,000 shares 8% Cumulative Series A Convertible Preferred
authorized, issued, and outstanding, respectively par value \$0.10 per share

4,055,998

3,875,998

Preferred stock, 320,000 shares 8% Cumulative Series B Convertible Preferred
authorized; 233,334 and 166,667 issued, and outstanding, par value \$0.1 per

1,676,701

1,207,367

Preferred stock, 166,667 shares 8% Cumulative Series C Convertible Preferred authorized; 53,500 and 0 issued, and outstanding, par value \$0.10 per share

328,795

-

Common stock, 7,000,000 shares authorized, par value \$0.10 per share, 3,255,887 and 3,255,887 shares issued and outstanding, respectively

325,586

325,586

Additional paid-in capital

6,471,562

6,721,535

Accumulated deficit

(6,354,901

)

(6,348,849

)

Total stockholders' equity

6,503,741

5,781,637

Total liabilities and stockholders' equity

\$

10,085,345

\$

15,429,814

TEL-INSTRUMENT ELECTRONICS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

Three Months Ended

Nine Months Ended

December 31,

2023

December 31,

2022

December 31,

2023

December 31,

2022

Net sales

\$

2,403,099

\$

2,328,254

\$

6,835,123

\$

6,594,768

Cost of sales

1,434,981

1,434,547

4,212,971

4,312,405

Gross margin

968,118

893,707

2,622,152

2,282,363

Operating expenses:

Selling, general and administrative

414,458

588,937

1,520,386

1,625,123

Engineering, research, and development

306,546

370,795

913,701

1,502,534

Total operating expenses

721,004

959,732

2,434,087

3,127,657

Income (loss) from operations

247,114

(66,025

)

188,065

(845,294

)

Other income (expense):

Interest income

35

5,665

50,642

8,782

Income other

-

628,400

1,000

628,406

Interest expense – judgement

-

(71,017

)

(198,535

)

(193,953

)

Interest expense

(22,976

)

-

(49,561

)

-

Total other net (expense) income

(22,941

)

563,048

(196,454

)

443,235

Income (loss) before income taxes

224,173

497,023

(8,389

)

(402,059

)

Income tax expense (benefit)

90,364

104,396

(2,337

)

(84,449

)

Net income (loss) income

133,809

392,627

(6,052

)

(317,610

)

Preferred dividends

(94,420

)

(80,000

)

(257,128

)

(240,000

)

Net income (loss) attributable to common shareholders

\$

39,389

\$

312,627

\$

(263,180

)

\$

(557,610

)

Basic net income (loss) per common share

\$

0.01

\$

0.10

\$

(0.08

)

\$

(0.17

)

Diluted net income (loss) per common share

\$

0.02

\$

0.08

\$

(0.08

)

\$

(0.17

)

Weighted average shares outstanding:

Basic

3,255,887

3,255,887

3,255,887

3,255,887

Diluted

5,610,634

5,155,665

3,255,887

3,255,887