

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

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

For the fiscal year ended October 31, 2023

or

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

For the transition period from _____ to _____.

Commission File Number 0-13301

RF INDUSTRIES, LTD.

(Name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

88-0168936

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

16868 Via Del Campo Court, Suite 200

San Diego, California

(Address of principal executive offices)

92127

(Zip Code)

(858) 549-6340

(Registrant's telephone number, including area code)

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

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Common Stock, \$0.01 par value per share

RFIL

NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in 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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth 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

Non-accelerated Filer

Emerging Growth Company

Accelerated Filer

Smaller reporting company

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter was approximately \$37.1 million.

On January 23, 2024, the Registrant had 10,343,223 outstanding shares of Common Stock, \$.01 par value.

Forward-Looking Statements:

Certain statements in this Annual Report on Form 10-K (this “Annual Report”), and other oral and written statements made by the Company from time to time are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, including those that discuss strategies, goals, outlook or other non-historical matters, or projected revenues, income, returns or other financial measures. In some cases forward-looking statements can be identified by terminology such as “may,” “will,” “should,” “except,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of such terms or other comparable terminology. These forward-looking statements are subject to numerous risks and uncertainties that may cause actual results to differ materially from those contained in such statements. Among the most important of these risks and uncertainties are the ability of the Company to meet customer demand through pricing and product offerings and efficient inventory and distribution channel management, to continue to source our raw materials and products from our suppliers and manufacturers, particularly those in Asia, the market demand for our products, which market demand is dependent in large part on the state of the telecommunications industry, the Company’s ability to continue as a going concern, the Company’s ability to remain in compliance with its existing capital loan terms and financial covenants and whether plans to develop 4G and 5G networks accelerate as expected, as well as our ability to meet any such demand, the effect of future business acquisitions and dispositions, the incurrence of impairment charges, and competition.

Important factors which may cause actual results to differ materially from the forward-looking statements are described in the Section entitled “Risk Factors” in this Form 10-K, and other risks identified from time to time in the Company’s filings with the Securities and Exchange Commission. The Company assumes no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

Summary Risk Factors

Our business is subject to numerous risks and uncertainties, including those highlighted in Part I, Item 1A titled “Risk Factors.” These risks include, but are not limited to, the following:

Risks Related to Our Business.

- We are heavily dependent upon wireless and broadband communications providers.
- The acquisition of Microlab will affect both the Company’s liquidity and its capital resources in the near future.
- We entered into a Loan Agreement to fund our acquisition of Microlab, which may expose us to additional risks, including risks associated with the inability to repay the loan on a timely basis.
- Due to the nature of our business, we need continued access to capital, which if not available to us or if not available on favorable terms, could harm our ability to operate or expand our business.
- If our third-party contract manufacturers are unable to manufacture and deliver a sufficient quantity of high-quality products on a timely and cost-efficient basis, our net revenue and profitability would be harmed and our reputation may suffer.
- Our business strategy to expand through acquisitions of other businesses could increase operating costs and expose us to additional risks.
- Global economic conditions and any related impact on our supply chain and the markets where we do business could adversely affect our results of operations.
- Our business, financial condition and results of operations could be harmed by the effects of outbreaks of COVID-19 or similar public health crises.
- Our dependence on third-party manufacturers increases the risk that we will not have an adequate supply of products or that our product costs will be higher than expected.
- An impairment in the carrying value of goodwill, trade names and other long-lived assets could negatively affect our consolidated results of operations and net worth.
- Changes in technology may reduce the demand for some of our products.
- If the manufacturers of our coaxial connectors or other products discontinue the manufacturing processes needed to meet our demands or fail to upgrade their technologies, we may face production delays.

- Our dependence upon independent distributors to sell and market our products exposes us to the risk that such distributors may decrease their sales of our products or terminate their relationship with us.

- A material portion of our sales is dependent upon a few principal customers, the loss of whom could materially negatively affect our total sales.

- Difficult conditions in the global economy may adversely affect our business and results of operations.

- Because the markets in which we compete are highly competitive, a failure to effectively compete could result in an immediate and substantial loss of market share.

- If the industries into which we sell our products experience recession or other cyclical effects impacting the budgets of our customers, our operating results could be negatively impacted.

- Because we sell our products to foreign customers, we are exposed to all of the risks associated with international sales, including foreign currency exposure.

- The inability to hire or retain certain key professionals, management and staff could adversely affect our business, financial condition and results of operations.

- We have few patent rights in the technology employed in our products, which may limit our ability to compete.

- Claims by other companies that we infringe their intellectual property could adversely affect our business

- A cyber incident could result in information theft, data corruption, operational disruption, and/or financial loss.

Risks Related to Our Common Stock

- Volatility of trading prices of our stock could result in a loss on an investment in our stock.

- Failure to maintain an effective system of internal control over financial reporting or to remediate weaknesses could materially harm our revenues, erode stockholder confidence in our ability to pursue business and report our financial results/condition, and negatively affect the trading price of our common stock.

- While we have in the past paid dividends, no assurance can be given that we will declare or pay cash dividends in the future.

- Future sales of our common stock in the public market could cause our stock price to fall.

- Provisions of our certificate of incorporation and bylaws and Nevada law may make a takeover more difficult.

- We are a “smaller reporting company” and we have elected to comply with certain reduced reporting and disclosure requirements which could make our common stock less attractive to investors.

PART I

ITEM 1. BUSINESS

General

RF Industries, Ltd. (together with subsidiaries, the “Company”, “we”, “us”, or “our”) is a national manufacturer and marketer of interconnect products and systems, including high-performance components such as RF connectors and adapters, dividers, directional couplers and filters, coaxial cables, data cables, wire harnesses, fiber optic cables, custom cabling, energy-efficient cooling systems and integrated small cell enclosures. Through our manufacturing and production facilities, we provide a wide selection of interconnect products and solutions primarily to telecommunications carriers and equipment manufacturers, wireless and network infrastructure carriers and manufacturers and to various original equipment manufacturers (“OEMs”) in several market segments. We also design, engineer, manufacture and sell energy-efficient cooling systems and integrated small cell solutions and related components.

We operate through two reporting segments: (i) the RF Connector and Cable Assembly (“RF Connector”) segment, and (ii) the Custom Cabling Manufacturing and Assembly (“Custom Cabling”) segment. The RF Connector segment primarily designs, manufactures, markets and distributes a broad range of RF connector, adapter, coupler, divider, and cable products, including coaxial passives and cable assemblies that are used in telecommunications and information technology, OEM markets and other end markets. The Custom Cabling segment designs, manufactures, markets and distributes custom copper and fiber cable assemblies, complex hybrid fiber optic and power solution cables, electromechanical wiring harnesses, wiring harnesses for a broad range of applications in a diverse set of end markets, energy-efficient cooling systems for wireless base stations and remote equipment shelters and custom designed, pole-ready 5G small cell integrated enclosures.

Recent Events

On March 1, 2022, we purchased 100% of the issued and outstanding membership interests of Microlab/FXR LLC, a New Jersey limited liability company (“Microlab”) from Wireless Telecom Group, Inc, a New Jersey corporation (the “Seller”) pursuant to the Membership Interest Purchase Agreement (the “Purchase Agreement”) dated December 16, 2021. The consideration for the acquisition was \$24,250,000, subject to certain post-closing adjustments as set forth in the Purchase Agreement. The purchase price was paid in cash at the closing. The Company funded \$17 million of the cash purchase price from the funds obtained under a \$17 million term loan (the “Term Loan”) with Bank of America, N.A. (“BofA”) and paid the remaining amount of the cash purchase price with cash on hand. The Term Loan was issued as part of a loan agreement with BofA (the “Loan Agreement”) which also provided the Company with a \$3 million revolving credit facility (the “Revolving Credit Facility” and together with the Term Loan, the “Credit Facility”).

The primary interest rate for the Revolving Credit Facility is based on the Bloomberg Short-Term Bank Yield Index Rate plus a margin of 2.00%. The maturity date of the Revolving Credit Facility is March 1, 2024. The Term Loan may be drawn in one disbursement, at the election of the Company. As described above, we drew down the entire amount of the Term Loan on March 1, 2022. The primary interest rate for Term Loan is 3.76% per annum. The maturity date of the Term Loan is March 1, 2027. Borrowings under the Revolving Credit Facility are available for general working capital purposes and Borrowings under the Term Loan are available for the acquisition of Microlab.

On September 12, 2023, we entered into Amendment No. 1 and Waiver to the Loan Agreement (“Loan Amendment No. 1”) with BofA. Loan Amendment No. 1, among other matters, provided for a one-time waiver of our failure to maintain (i) consolidated debt to EBITDA ratio not exceeding 3.00 to 1.00 (the “Debt Test”) for the period ended July 31, 2023; and (ii) consolidated fixed charge coverage ratio of at least 1.25 to 1.00 (the “FCCR Test”) for the period ended July 31, 2023. Loan Amendment No. 1 also waived testing for compliance with the Debt Test and FCCR Test for the quarterly periods ending October 31, 2023, January 31, 2024, April 30, 2024, and July 31, 2024, with the Debt Test and FCCR Test to resume with the period ending October 31, 2024, and to continue thereafter on a trailing 12-month basis. Further, Loan Amendment No. 1 required that we maintain (i) (a) until September 21, 2023, minimum liquidity of \$4.0 million, and (b) from September 22, 2023 and thereafter, liquidity equal to the greater of (1) \$4.0 million or (2) 80% of the liquidity that was forecast for this date at the fourth week of the forecast; and (ii) minimum EBITDA of (\$400,000), \$500,000, \$1.0 million, and \$1.0 million for the quarters ending October 31, 2023, January 31, 2024, April 30, 2024, and July 31, 2024, respectively. In connection with Loan Amendment No. 1, we also paid BofA a waiver fee of \$50,000.

On January 26, 2024, we entered into Amendment No. 2 to the Loan Agreement (“Loan Amendment No. 2”) with BofA. Loan Amendment No. 2, among other matters, eliminated the requirement to maintain minimum EBITDA of \$500,000 for the quarter ending January 31, 2024. Under Loan Amendment No. 2, the line of credit available to the Company under the Revolving Credit Facility was lowered from \$3.0 million to \$500,000. Further, Loan Amendment No. 2 requires that we maintain from September 22, 2023 and thereafter, liquidity of at least \$2.0 million, rather than the greater of \$4.0 million or 80% of the forecast liquidity as was required under Loan Amendment No. 1. Under Loan Amendment No. 2, the Company will be charged an additional fee equal to 1% of the collective outstanding principal balances of the Revolving Credit Facility and Term Loan if the Credit Facility is not repaid in full on or before March 1, 2024. This additional fee, if applicable, will be due on March 2, 2024. Further, Loan Amendment No. 2 requires that the Company make an additional principal payment of \$1.0 million on the Term Loan on March 1, 2024, in addition to the existing monthly payments due on the Term Loan. In connection with Loan Amendment No. 2, we paid BofA a \$500,000 paydown on the Revolving Credit Facility, thereby reducing the outstanding balance from \$1.0 million to \$500,000. See, “Item 1. Business—Acquisition of Microlab/FXR LLC,” below.

Microlab designs and manufactures a wide selection of RF components and integrated subsystems for signal conditioning and distribution in the wireless infrastructure markets as well as for use in medical devices. Microlab products are used in small cell deployments, distributed antenna systems, in-building wireless solutions and cellular base-stations. Microlab’s portfolio includes RF components for ultra-wideband frequency ranges deployed in commercial wireless networks utilizing mid-band spectrum allocations for 5G mobile broadband. We believe Microlab components possess unique capabilities for broadband frequency coverage, minimal loss and low passive intermodulation (“PIM”). Microlab’s high-performance components – such as power combiners, directional couplers, attenuators, terminators and filters – are used in broadband applications to support commercial in-building wireless networks, public safety networks, rail and transportation deployments, and global positioning system (“GPS”) signal distribution. Microlab also produces and sells various other products, including a portfolio of GPS digital repeaters and splitters for cellular timing synchronization as well as a passive systems monitor for real-time diagnostics of an in-building distributed antenna system (“DAS”). We have operated the Microlab business at Seller’s facilities in Hanover Township, Parsippany, New Jersey, pursuant to a sublease since closing of the acquisition. On October 19, 2022, we entered into two lease agreements for contiguous office and production space in Parsippany, New Jersey and moved the Microlab operations in July 2023 after certain improvements were completed, as negotiated under the lease agreements. The Microlab acquisition is in line with our previously announced strategy for driving revenue growth both organically and through the acquisition of companies that offer access to new products that can be sold to a growing customer base, including through an extensive distribution channel. Microlab’s products are known worldwide for their superior quality and performance and are considered the gold standard in RF and microwave distribution systems. We believe that there are significant growth opportunities in the small cell and DAS markets, and that Microlab’s products will provide the Company with additional scale and opportunity for further revenue growth.

Strategy

Our overall strategy is to provide our customers with a broad selection of products, rapid and high-quality service, and custom design capabilities, all at competitive prices. Specifically, our strategy is the following:

Provide rapid and flexible design and manufacturing services. Over the past few years we have focused our organization on providing a standardized portfolio, allowing for quick-turn readily available products, while having the capabilities, flexible design and manufacturing services to customize our offering to address customer specific requirements or applications.

Competitive pricing. Our manufacturing and distribution arrangements have been designed to lower costs and enable us to offer prices on both our standard and custom manufactured products that are competitive with the marketplace, all while keeping quality as a priority.

Leverage our manufacturing and distribution capabilities and facilities. Our strategy is to operate our manufacturing and distribution locations to best provide our customers with a competitively priced, high-quality product offering delivered with a fast turnaround time. As part of this strategy, we utilize a “one-company” approach to production and distribution locations and allocate our resources based on each location’s production specialization capabilities, its proximity to the shipment destination, and other factors. Using this “one-company” approach, our goal is to leverage available capacity and shorten delivery times, while potentially providing lower shipping costs. We operate manufacturing and distribution locations in California, and in the Northeastern United States.

Integrate marketing and selling efforts. Our strategy is to integrate and cross-sell our various historical and acquired product lines. We have been integrating our marketing and sales efforts, thereby expanding the number and type of products we can offer to our existing client base, while also using this cross-sell approach to win new customers.

Broad range of immediately available products. Our strategy is to provide a high level of availability where we stock a large selection of standard products that are available for immediate delivery, including availability from multiple distributors. Additionally, we augment this “on-the-shelf” availability of several cable assembly and interconnect products with fast-turn production and assembly providing better lead times for our customers.

Targeted focus of product lines. Our strategy is to focus on passive products rather than manufacturing and selling operating or active components or products. Our product line focus remains on supporting and leveraging our distribution channels with our core passive interconnect and cable assemblies offering, while in parallel we continue to expand our portfolio of integrated solutions to address key end customer and market applications. As we have grown in recent years, we have placed a specific emphasis on expanding our product lines to offer more of the bill of materials required to deploy specific connectivity systems and applications in key markets, such as wireless and public safety communications.

Increase long-term relationships with customers. Our goal is to establish long-term relationships with the customers who have used us for specialized projects by having our solutions built into the customer's product specifications and bills of materials. As we remain focused on maintaining and expanding our national distributor relationships through our dedicated sales and account management teams, we have invested in targeted business development efforts to assist in getting more closely aligned with the requirements of strategic end customers.

Grow through strategic and targeted acquisitions. We will continue to consider strategic acquisitions of companies or technologies that can increase our customer penetration and/or diversify our customer base, supplement our management team, expand our product offerings, and/or expand our footprint in relevant market segments.

Operations

We currently conduct operations through our six divisions with our product areas divided into two reporting segments.

RF Connector and Cable Assembly Segment.

Our RF Connector segment consists of the RF Connector and Cable Assembly division ("RF Connector division") that is based at our headquarters in San Diego, California with expansion in New Jersey through our acquisition of Microlab. The RF Connector division is primarily engaged in the design, manufacture and distribution of coaxial connector solutions for companies that design, build, operate, maintain and use a variety of connectivity/communication applications. Coaxial connector products consist primarily of connectors which, when attached to a coaxial cable, facilitate the transmission of analog and digital signals in various frequencies. Although most of the connectors are designed to fit standard cable products, the RF Connector division also sells custom connectors specifically designed and manufactured to suit its customers' requirements. Additionally, during fiscal year 2023 the Company integrated the former C Enterprises division into the RF Connector division and San Diego headquarters. The business and assets of C Enterprises, L.P. were acquired on March 15, 2019, bringing to the Company the Corning Cable Systems CAH ConnectionsSM Gold Program member as an authorized manufacturer of fiber optic products that are backed by Corning Cable Systems' extended warranty. This acquisition added the capabilities to design, develop and manufacture connectivity solutions including custom copper and fiber cable assemblies sold to telecommunications and data communications distributors.

The Microlab division is included in the RF Connector segment. Microlab was acquired in March 2022, and is based in Parsippany, New Jersey. Microlab designs and manufactures high-performance RF and Microwave products enabling signal distribution and deployment of in-building DAS (distributed antenna systems), wireless base stations and small cell networks. Manufacturing operations are performed at Microlab's facilities in New Jersey.

The RF Connector division typically carries over 1,500 different types of connectors, adapters, tools, and test and measurements kits. This division's connectors are used in thousands of different devices, products and types of equipment. Since the RF Connector division's standard connectors can be used in a number of different products and devices, the discontinuation of one product typically does not make our connectors obsolete. Accordingly, most connectors that we carry can be marketed for a number of years. Furthermore, because our connector products are not dependent on any single line of products or any market segment, our overall sales of connectors tend to fluctuate less when there are material changes or disruption to a single product line or market segment.

Cable assembly products manufactured and sold by the RF Connector division consist of various types of coaxial cables that are attached to connectors (usually our connectors) for use in a variety of communications applications. Cable assemblies manufactured for the RF Connector division are primarily manufactured at our San Diego, California facilities using state-of-the-art automation equipment and are sold through distributors or directly to major OEM accounts. Our cable assembly portfolio consists of both standard and custom cable assemblies designed for specific customer requirements. We offer a line of cable assemblies with over 100,000 cable product combinations.

We design our connectors at our headquarters in San Diego, California, and Microlab designs and manufactures a wide selection of components and integrated subsystems for signal conditioning and distribution in the wireless infrastructure markets as well as for use in medical devices. However, most of the connectors are manufactured for us by third-party foreign manufacturers located in Asia.

Custom Cabling Manufacturing and Assembly Segment.

The Custom Cabling segment currently consists of three wholly owned subsidiaries located in the Northeastern United States. Our plan is to integrate certain aspects of the manufacturing, sales and marketing functions of these divisions so as to better address overlapping market opportunities and to more efficiently manufacture, market, and ship products to our customers.

The three divisions that comprise the current Custom Cabling segment consist of the following:

Cables Unlimited, Inc. Cables Unlimited, Inc. (“Cables Unlimited”) is a custom cable manufacturer located in Yaphank, New York, that we acquired in 2011. Cables Unlimited is a Corning Cable Systems CAH ConnectionsSM Gold Program member, authorized to manufacture fiber optic products that are backed by Corning Cable Systems’ extended warranty. Cables Unlimited designs, develops and manufactures custom connectivity solutions for the industrial, defense, telecommunications and wireless markets. The products sold by Cables Unlimited include custom and standard copper and fiber optic cable assemblies, adapters and electromechanical wiring harnesses for communications, computer, LAN, automotive fiber optic and medical equipment.

Rel-Tech Electronics, Inc. Rel-Tech Electronics, Inc. (“Rel-Tech”) was acquired in June 2015. Rel-Tech’s offices and manufacturing facilities are located in Milford, Connecticut. Rel-Tech is a designer and manufacturer of cable assemblies and wiring harnesses for blue chip industrial, oilfield, instrumentation, medical and military customers. Wire and cable assembly products include custom wire harnesses, ribbon cable, electromechanical and kitted assemblies, and networking and communications cabling.

Schroff Technologies International, Inc. Schroff Technologies International, Inc. (“Schrofftech”) was acquired in November 2019. Schrofftech is a Rhode Island based manufacturer and marketer of intelligent thermal cooling control systems, along with pole-ready wireless small cell shrouds and enclosures, custom designed for plug-and-play installation. These products are typically used by telecommunications companies across the U.S. and Canada.

Product Description

We produce a large variety of interconnect products and assemblies that are used in telecommunications and a range of other industries. The products that we offer and sell consist of the following:

Connector and Cable Products

We design, manufacture and market a broad range of coaxial connectors, adapters and cable assemblies for numerous applications in commercial, industrial, automotive, transportation, scientific, aerospace and military markets.

There are numerous applications for these connectors, some of which include digital applications, 2.5G, 3G, 4G, 5G, LTE, Wi-Fi and other broadband wireless infrastructure, GPS, mobile radio products, aircraft, video surveillance systems, cable assemblies and test equipment. Users of our connectors include telecommunications companies, circuit board manufacturers, OEMs, consumer electronics manufacturers, audio and video product manufacturers and installers, and satellite companies. We market over 1,500 types of connectors, adapters, tools, assembly, test and measurement kits, which range in price from under \$1 to over \$1,000 per unit. The kits satisfy a variety of applications including, but not limited to, lab operations, site requirements and adapter needs.

We also design and sell a variety of connector tools and hand tools that are assembled into kits used by lab and field technicians, research and development technicians and engineers. These tools are manufactured for us by outside contractors. Tool products are carried as an accommodation to our customers and have not materially contributed to our revenues.

We market and manufacture cable assemblies in a variety of sizes and combinations of RF coaxial connectors and coaxial cabling. Cabling is purchased from a variety of major unaffiliated suppliers and is assembled predominately with our connectors as complete cable assemblies. Coaxial cable assemblies have numerous applications including low PIM, Wi-Fi and wireless local area networks, wide area networks, internet systems, cellular systems including 2.5G, 3G, 4G, 5G, LTE, DAS and Small Cell installations, TV/dish network systems, test equipment, military/aerospace (mil-standard and COTS (Commercial Off-The-Shelf)) and entertainment systems. Cable assemblies are manufactured to customer requirements.

We carry thousands of separate types of connectors, most of which are available in standard sizes and configurations and that are also offered by other companies. However, we also have some proprietary products, including the CompPro product line, OptiFlex cables, and the Schrofftech telecom shelter cooling and control system products. CompPro is a patented compression technology that offers advantages for a water-tight, ruggedized connection, providing easier installation, and improved system reliability on braided cables. CompPro is used by wireless network operators, installers and distributors in North America and other parts of the world. OptiFlex is a hybrid fiber optic and DC power cabling solution that we designed and manufactured, and the Schrofftech products are energy efficient cooling/temperature control and filtration systems for use in telecom shelters, outdoor enclosures and battery/power rooms.

Passive RF Products

We design and manufacture high-performance RF and microwave high-performance components such as dividers, directional couplers and filters enabling signal distribution and deployment of in-building DAS (distributed antenna systems), wireless base stations and small cell networks.

Fiber Optic Products

Cables Unlimited is a Corning Cable Systems CAH Connections SM Gold Program member that is authorized to manufacture fiber optic products that are backed by Corning Cable Systems' extended warranty. Through our Cables Unlimited division, we offer a broad range of interconnect products and systems that have the ability to combine radio frequency and fiber optic interconnect components, with various connectors and power cables through customized solutions for these customers. Cables Unlimited also manufactures OptiFlex, a custom designed hybrid fiber optic and DC power cabling solution manufactured for wireless service providers engaged in upgrading their cell towers. The custom hybrid cable is significantly lighter and possesses greater flexibility than cables previously used for wireless service.

The former C Enterprises, now integrated into the RF Connector division, is a Corning Cable Systems CAH Connections SM Gold Program member, authorized to manufacture fiber optic products that are backed by Corning Cable Systems' extended warranty. C Enterprises designs, develops and manufactures connectivity solutions to telecommunications and data communications distributors.

Other Cabling Products

We design, manufacture, and sell cable assemblies and wiring harnesses for industrial, oilfield, instrumentation, medical, and military customers. Wire and cable assembly products include custom wire harnesses, ribbon cable, electromechanical and kitted assemblies, networking and communications cabling. DIN and Mini DIN connector assemblies include power cord, coaxial, Mil-spec and testing.

Telecommunications Thermal Control Systems and Shrouds

We engineer, design, manufacture and sell intelligent thermal control systems for outdoor telecommunications equipment. The thermal control systems, which can be controlled offsite using networked software at the telecommunication company's own data center, maintain the interior temperature of telecommunications and other networking equipment. We also design and sell integrated shrouds and enclosures for small cell deployments that reduce installation time and improve aesthetics by eliminating the exterior cabling used with current configurations.

Foreign Sales

Net sales to foreign customers accounted for \$6,387,000 (or approximately 9%) of our net sales, and \$10,335,000 (or approximately 12%) of our net sales for the fiscal years ended October 31, 2023 and 2022, respectively. The majority of the export sales during these periods were to Canada.

We do not own, or directly operate any manufacturing operations or sales offices in foreign countries.

Distribution and Marketing

We currently sell our products through independent warehousing distributors and through our in-house marketing and sales team. Sales through independent distributors accounted for approximately 52% of our net sales for the fiscal year ended October 31, 2023. Our agreements with most of the distributors are nonexclusive and generally may be terminated by either party upon 30-60 days' written notice. The Company directly sells certain of its products to large, national telecommunication equipment and solution providers who include the Company's products in their own product offerings.

Manufacturing

We contract with outside third parties for the manufacture of a significant portion of our coaxial connectors. However, virtually all of the RF cable assemblies sold during the fiscal year ended October 31, 2023 were assembled at the International Organization for Standardization ("ISO") approved factories in San Diego, California and Parsippany, New Jersey. We procure our raw cable from manufacturers with ISO-approved factories in the United States, China, and Taiwan. The Company primarily relies on several third-party partners for the manufacture of its coaxial connectors, tools and other passive components and receives bulk cable from multiple manufacturing plants. Although we do not have manufacturing contracts with these manufacturers for our connectors and cable products, we do have long-term purchasing relationships. There are certain risks associated with our dependence on third-party manufacturers for some of our products. See "Risk Factors" below. We have in-house design engineers who create the engineering drawings for fabrication and assembly of connectors and cable assemblies. Accordingly, the third-party manufacturers are not primarily responsible for design work related to the manufacture of our connectors and cable assemblies. Although our current facilities are set up to manufacture certain lines of products, manufacturing of certain products is often shifted to other facilities to alleviate capacity limitations or to address a customer's product manufacturing schedule requirements.

We manufacture custom cable assemblies, adapters and electromechanical wiring harnesses and other products through Cables Unlimited at its Yaphank, New York manufacturing facility. The Yaphank facility is an ISO-approved factory. Cables Unlimited is a Corning Cable Systems CAH Connections SM Gold Program member, authorized to manufacture fiber optic products and assemblies that are backed by Corning Cable Systems' extended warranty.

The Milford, Connecticut facility of Rel-Tech is an ISO-approved manufacturing facility that is primarily used to manufacture cable assemblies, electromechanical assemblies, wiring harnesses and other similar products.

The products sold by Schrofftech are designed and manufactured at its ISO-approved manufacturing facility in North Kingstown, Rhode Island. Schrofftech's products are manufactured and tested in accordance with the ETL Listing standards.

Microlab designs and manufactures a wide selection of RF components and integrated subsystems in our design and manufacturing facility in Parsippany, New Jersey.

Raw Materials

Connector materials are typically made of commodity metals such as copper, brass and zinc and include small applications of precious materials, including silver and gold. The RF Connector division purchases most of its connector products from contract manufacturers located in Asia and the United States. We believe that the raw materials used in our products are readily available and that we are not currently dependent on any supplier for our raw materials. We do not currently have any long-term purchase or supply agreements with our connector suppliers. The Custom Cabling divisions obtain coaxial connectors from the RF Connector division. We believe there are numerous domestic and international suppliers of other coaxial connectors that we may utilize for any of our cabling products.

The Cables Unlimited, Rel-Tech, Schrofftech, and former C Enterprises divisions purchase largely all of the raw materials used in their products from sources located in the United States. Fiber optic cables are available from various manufacturers located throughout the United States, however, Cables Unlimited purchases most of its fiber optic cables from Corning Cables Systems LLC. The Company believes that the raw materials used by Cables Unlimited in its products are readily available and that Cables Unlimited is not currently dependent on any supplier for its raw materials except where Corning Extended Warranty certification is required. Neither Cables Unlimited nor Rel-Tech Electronics currently have any long-term purchase or supply agreements with their connector and cable suppliers.

Backlog

As of October 31, 2023, our estimated backlog of unfilled firm orders was approximately \$16.1 million compared with backlog of approximately \$27.8 million as of October 31, 2022. Orders typically fluctuate from quarter to quarter based on customer demand and general business conditions and, in particular, for project-based orders from wireless carrier customers for custom cable assemblies at our Cables Unlimited division. Since purchase orders are submitted from customers based on the estimated timing of their requirements, our ability to predict orders in future periods or trends in future periods is limited. Furthermore, purchase orders may be subject to shipment delays and to cancellation from customers, although we have not historically experienced material cancellations of purchase orders.

It is expected that a substantial portion of the backlog will be filled within the next 12 months. Most of the orders that we receive, particularly in the RF Connector segment, generally have short lead times. Therefore, backlog may not be indicative of future demand.

Acquisition of Microlab/FXR LLC

On December 16, 2021, the Company entered into the Purchase Agreement with Seller (Wireless Telecom Group, Inc.), and its wholly owned subsidiary Microlab, pursuant to which we purchased 100% of the issued and outstanding membership interests of Microlab from the Seller on March 1, 2022. The consideration for the acquisition was \$24,250,000, subject to certain post-closing adjustments as set forth in the Purchase Agreement. The purchase price was paid in cash at the closing. We funded most of the cash purchase price from the funds obtained under the \$17 million Term Loan with Bank of America, N.A. and paid the remaining amount of the cash purchase price with \$7.3 million of cash on hand. The Term Loan was issued as part of a loan agreement with Bank of America, N.A. which also provided the Company with the \$3 million Revolving Credit Facility. Microlab is a New Jersey based company that designs and manufactures high-performance RF and microwave products such as dividers, directional couplers and filters enabling signal distribution and deployment of in-building DAS (distributed antenna systems), wireless base stations and small cell networks.

We obtained representation and warranty insurance to cover any breach of Seller's representations.

Seller also agreed not to, directly or indirectly, (i) engage in any activities that compete with Microlab's business and (ii) hire or solicit any employee, independent contractor, or consultant of Microlab's business for a period of five years from the closing date, subject to certain carve-outs.

Human Capital

As of October 31, 2023, we employed 321 full-time employees, of whom 67 were in accounting, administration, sales and management, 241 were in manufacturing, distribution and assembly, and 13 were engineers engaged in design, engineering and research and development. The employees were based at our facilities in San Diego, California (162 employees), Yaphank, New York (62 employees), Milford, Connecticut (47 employees), Parsippany, New Jersey (42 employees), and North Kingstown, Rhode Island (8 employees). We also occasionally hire part-time employees. We believe that we have a good relationship with our employees.

Patents, Trademarks and Licenses

We own ten U.S. patents related to the CompPro Product Line that we acquired in May 2015. The CompPro Product Line utilizes a patented compression technology that offers revolutionary advantages for a water-tight connection, easier installation, and improved system reliability on braided cables. The CompPro Product Line is used by wireless network operators, installers and distributors in North America and other parts of the world.

Our Schrofftech subsidiary owns eight issued patents on its proprietary telecom shelter cooling and control system technology and its equipment room ventilation controls. Schrofftech has also filed one pending patent application related to ventilation and control equipment and controls.

The trademarks we own include the “CompPro” registered trademark associated with the compression cable product line and the “OptiFlex™” as a trademark for its hybrid cable wireless tower cable solution. Each of our subsidiaries also use various trademarks (and associated logos and trade names) in their operations, although none of these trademarks have been registered.

Because the RF Connector division carries thousands of separate types of connectors and other products, most of which are available in standard sizes and configurations and are also offered by our competitors, we do not believe that our cables and connector business or competitive position is dependent on patent protection.

Under agreements with Corning Cables Systems LLC, Cables Unlimited and C Enterprises are permitted to advertise that they are Corning Cables System CAH Connections SM Gold Program members.

With the acquisition of Microlab, three additional relevant patents were added to our portfolio regarding GPS signal repeaters, RF System Monitoring, and RF Tappers. Additional filings are also pending for RF system conditioning.

Warranties and Terms

We warrant our products to be free from defects in material and workmanship for varying warranty periods, depending upon the product. Products are generally warranted to the dealer for one year, with the dealer responsible for any additional warranty it may make. The RF Connector products are warranted for the useful life of the connectors. Although we have not experienced any significant warranty claims to date, there can be no assurance that we will not be subjected to such claims in the future.

We usually sell to customers on 30 to 60-day terms pursuant to invoices and do not generally grant extended payment terms. Generally, customers may delay, cancel, reduce, or return products after shipment subject to a restocking charge.

Under their agreements with Corning Cables Systems LLC, Cables Unlimited and C Enterprises are authorized to manufacture optic cable assemblies that are backed by Corning Cables Systems’ extended warranty (referred to as the “Gold Certified Warranty”).

Competition

The industries in which we operate are highly competitive, and we compete with thousands of companies that range from large multinational corporations, most of which have greater assets and financial resources, to local manufacturers. Competition is generally based on breadth of product offering, product innovation, price, quality, delivery, performance and customer service. In addition, rapid technological changes occurring in the communications industry could also lead to the entry of new competitors of all sizes against whom we may not be able to successfully compete. There can be no assurance that we will be able to compete successfully against existing or new competition, and the inability to do so may result in price reductions, reduced margins, or loss of market share, any of which could have an adverse effect on our business, financial condition and results of operations.

Government Regulations

Our products are designed to meet all known existing or proposed governmental regulations. We believe that we currently meet existing standards for approvals by government regulatory agencies for our principal products.

Our products are Restriction on Hazardous Substances (“RoHS”) compliant.

Environmental Regulations

We are subject to various laws and governmental regulations concerning environmental matters and employee safety and health matters in the United States. Compliance with these federal, state, and local laws and regulations related to protection of the environment and employee safety and health has had no material effect on our business. There were no material capital expenditures for environmental projects in fiscal year 2023, and there are no material expenditures planned for such purposes in fiscal year 2024.

Investor Information

Our principal executive office is currently located at 16868 Via Del Campo Court, Suite 200, San Diego, California. RF Industries, Ltd. was incorporated in the State of Nevada on November 1, 1979, completed its initial public offering in March 1984 under the name Celltronics, Inc., and changed its name to RF Industries, Ltd. in November 1990. Unless the context requires otherwise, references to the “Company” in this report include RF Industries, Ltd. and our five wholly owned subsidiaries, Cables Unlimited, Inc., Rel-Tech Electronics, Inc., C Enterprises, Inc., Schroff Technologies International, Inc., and Microlab/FXR LLC.

The Company’s principal Internet website is located at <http://www.rfindustries.com>. The Company’s annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), and other information related to the Company, are available, free of charge, on that website as soon as reasonably practicable after we electronically file those documents with, or otherwise furnish them to, the Securities and Exchange Commission (“SEC”). Reports filed with the SEC are also available on the SEC’s website at www.sec.gov. The Company’s Internet website and the information contained therein, or connected thereto, are not and are not intended to be incorporated into this Annual Report.

ITEM 1.A RISK FACTORS

Investors should carefully consider the risks described below and all other information in this Form 10-K. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business and operations.

If any of the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected. In such case, the trading price of our common stock could decline and investors may lose all or part of their investment in our common stock.

Risks Related to Our Business.

We are heavily dependent upon wireless and broadband communications providers.

Most of our revenues and profitability have in recent years been generated from products that we sell, directly or through our distributors, to the wireless and broadband communications industries. In addition, we also sell connectors, cables and other products to companies that incorporate these products into their own wireless and broadband communications products. As a result, our business is heavily dependent upon the wireless and broadband markets. Demand for our products in these markets depends primarily on capital spending by operators for constructing, rebuilding or upgrading their telecommunication systems. The amount of this capital spending and, therefore, our sales and profitability, will be affected by a variety of factors affecting the telecommunications companies, including general economic conditions, consolidation within the telecommunications industry and the financial condition of operators. Although we sell many products into many different markets other than the telecommunications marketplace, because a major portion of our revenues has historically been derived from direct and indirect sales to wireless and broadband communications companies, our financial condition and results of operations are heavily influenced by the health and growth of the wireless and broadband markets, all of which is beyond our control.

The acquisition of Microlab will affect both the Company’s liquidity and its capital resources in the near future.

On March 1, 2022, we purchased Microlab from Wireless Telecom Group, Inc. for \$24,250,000, subject to certain post-closing adjustments. We funded \$17 million of the cash purchase price from the funds obtained under the term loan obtained from Bank of America, N.A. (the “Credit Facility Lender”) and paid the remaining amount of the cash purchase price with \$7.3 million cash on hand, thereby reducing the amount of cash available for future acquisitions, for investments in the expansion of our existing businesses and assets, or as a reserve for unanticipated financial requirements.

We entered into a Loan Agreement to fund our acquisition of Microlab, which may expose us to additional risks, including risks associated with the inability to repay the loan on a timely basis.

On February 25, 2022, we entered into a Loan Agreement with the Credit Facility Lender (the “Loan Agreement”), which facility provided the Company with a \$3 million revolving credit facility (the “Revolving Credit Facility”) and a \$17 million term loan (the “Term Loan”, collectively with the “Revolving Credit Facility”, the “Credit Facility”). We borrowed the full \$17 million amount available under the Term Loan in order to fund the purchase of Microlab. The maturity date of the Term Loan is March 1, 2027. The maturity date of the Revolving Credit Facility is March 1, 2024. Borrowings under the Credit Facility are guaranteed by the Company and certain of its subsidiaries and secured by all personal property of the Company and certain of its subsidiaries. The Credit Facility requires the maintenance of certain financial covenants, including: (i) consolidated debt to EBITDA ratio not to exceed 3.00 to 1.00 (the “Debt Test”); (ii) consolidated fixed charge coverage ratio of at least 1.25 to 1.00 (the “FCCR Test”); and (iii) consolidated minimum EBITDA of at least \$600,000 for the discrete quarter ending January 31, 2022. In addition, the Credit Facility contains customary affirmative and negative covenants.

On September 12, 2023, we entered into Amendment No. 1 and Waiver to the Loan Agreement (“Loan Amendment No. 1”), which, among other matters, provided for a one-time waiver of our failure to comply with (i) the Debt Test for the period ended July 31, 2023; and (ii) the FCCR Test for the period ended July 31, 2023. Loan Amendment No. 1 also waived testing for compliance with the Debt Test and FCCR Test for the quarterly periods ending October 31, 2023, January 31, 2024, April 30, 2024, and July 31, 2024, with the Debt Test and FCCR Test to resume with the period ending October 31, 2024, and to continue thereafter on a trailing 12-month basis. Further, Loan Amendment No. 1 requires that we maintain (i) (a) until September 21, 2023, minimum liquidity of \$4.0 million, and (b) from September 22, 2023 and thereafter, liquidity equal to the greater of (1) \$4.0 million or (2) 80% of the liquidity that was forecast for this date at the fourth week of the forecast; and (ii) minimum EBITDA of (\$400,000), \$500,000, \$1.0 million, and \$1.0 million for the quarters ending October 31, 2023, January 31, 2024, April 30, 2024, and July 31, 2024, respectively.

On January 26, 2024, we entered into Amendment No. 2 to the Loan Agreement (“Loan Amendment No. 2”), which, among other matters, eliminated the requirement to maintain minimum EBITDA of \$500,000 for the quarter ending January 31, 2024. Under Loan Amendment No. 2, the line of credit available to the Company under the Revolving Credit Facility was lowered from \$3.0 million to \$500,000. Further, Loan Amendment No. 2 requires that we maintain from September 22, 2023 and thereafter, liquidity of at least \$2.0 million, rather than the greater of \$4.0 million or 80% of the forecast liquidity as was required under Loan Amendment No. 1. Under Loan Amendment No. 2, the Company will be charged an additional fee equal to 1% of the collective outstanding principal balances of the Revolving Credit Facility and Term Loan if the Credit Facility is not repaid in full on or before March 1, 2024. This additional fee, if applicable, will be due on March 2, 2024. Further, Loan Amendment No. 2 requires that the Company make an additional principal payment of \$1.0 million on the Term Loan on March 1, 2024, in addition to the existing monthly payments due on the Term Loan. In connection with Loan Amendment No. 2, we paid the Credit Facility Lender a \$500,000 paydown on the Revolving Credit Facility, thereby reducing the outstanding balance from \$1.0 million to \$500,000.

In the event of noncompliance with these financial covenants, as updated through the recent amendments to the Loan Agreement, we will either have to obtain another waiver or otherwise renegotiate the terms of our Credit Facility or refinance the Credit Facility otherwise our failure to comply with these covenants could result in a default under the agreements governing the relevant indebtedness. The Credit Facility Lender may accelerate the payment terms of the Loan Agreement upon the occurrence of certain events of default set forth therein. Any event that could require us to repay debt prior to its due date could have a material adverse impact on our financial condition and results of operations and may affect our ability to continue as a going concern. Further, any renegotiation, refinancing or additional indebtedness that we incur in the future may subject us to further covenants.

Our ability to comply with covenants contained in the Loan Agreement, renegotiate terms of the Loan Agreement or refinance the Credit Facility may be affected by events beyond our control, including prevailing economic, financial and industry conditions. Even if we are able to comply with all of the applicable covenants, the restrictions on our ability to manage our business in our sole discretion could adversely affect our business by, among other things, limiting our ability to take advantage of financings, mergers, acquisitions and other corporate opportunities that we believe would be beneficial to us. In addition, our obligations under the Loan Agreement are secured, on a first-priority basis, and such security interests could be enforced in the event of default by the collateral agent for the Loan Agreement.

Due to the nature of our business, we need continued access to capital, which if not available to us or if not available on favorable terms, could harm our ability to operate or expand our business.

Our business requires capital that is not financed by trade creditors when our business is expanding. If cash from available sources is insufficient or cash is used for unanticipated needs, we may require additional capital sooner than anticipated.

We believe that our existing sources of liquidity, including cash resources and cash provided by operating activities will provide sufficient resources to meet our working capital and cash requirements for at least the next twelve months; however, there can be no assurance that our cash resources will fund our operating plan for the period anticipated by us, especially if there is a material adverse impact on our business from unforeseen events or a desire to reduce our outstanding indebtedness. Any such events could have an effect on our liquidity and our ability to continue as a going concern in the future, and result in a need to raise additional capital. Alternatively, we could decide to liquidate assets, raise capital or incur additional indebtedness to fund strategic initiatives or operating activities, particularly if we pursue additional acquisitions. In the event we are required, or elect, to raise additional funds, we may be unable to do so on favorable terms, or at all, and may incur expenses in raising the additional funds and increase our interest rate exposure, and any future indebtedness could adversely affect our operating results and severely limit our ability to plan for, or react to, changes in our business or industry. Further, under our Loan Agreement, we are limited by financial and other negative covenants in our credit arrangements. If we cannot raise funds on acceptable terms, we may be unable to continue as a going concern and may not be able to take advantage of future opportunities or respond to competitive pressures or unanticipated requirements. Any inability to raise additional capital when required could have an adverse effect on our business and operating results.

In the event that we are unable to pay our obligations on the Credit Facility on a timely basis, maintain the financial covenants under the Loan Agreement, as amended, including the minimum liquidity and EBITDA requirements, or otherwise default on our obligations under the Loan Agreement, the Credit Facility Lender will have a right to foreclose on personal property of the Company and certain of its subsidiaries.

We depend on third-party contract manufacturers for a majority of our connector manufacturing needs. If they are unable to manufacture and deliver a sufficient quantity of high-quality products on a timely and cost-efficient basis, our net revenue and profitability would be harmed and our reputation may suffer.

Substantially all of the RF Connector division’s connector products are manufactured by third-party contract manufacturers. We rely on them to procure components for RF connectors and in certain cases to design, assemble and test the products on a timely and cost-efficient basis. If our contract manufacturers are unable to complete design work on a timely basis, we will experience delays in product development and our ability to compete may be harmed. In addition, because some of our manufacturers have manufacturing facilities in Taiwan and China, their ability to provide us with adequate supplies of high-quality products on a timely and cost-efficient basis is subject to a number of additional risks and uncertainties, including political, social and economic instability and factors that could impact the shipment of supplies. Further, health crises, including epidemics or pandemics, such as the COVID-19 pandemic, and government and business responses thereto, could affect our manufacturers, including by resulting in quarantines and/or closures, which could result in potential closures and disruptions to our manufacturing needs. If our manufacturers are unable to provide us with adequate supplies of high-quality products on a timely and cost-efficient basis, our operations would be disrupted and our net revenue and profitability would suffer. Moreover, if our third-party contract manufacturers cannot consistently produce high-quality products that are free of defects, we may experience a higher rate of product returns, which would also reduce our profitability and may harm our reputation and brand.

Our third-party contract manufacturers are based in Asia. Recently, our third-party contract manufacturers have been subject to various supply chain disruptions. These supply chain disruptions have slowed the delivery of products to us and have increased the price of certain materials due to the significant increase in costs of raw materials and shipping costs. Our ability to produce and timely deliver our products may be materially impacted in the future if these supply chain disruptions continue or worsen. In addition, because of the rising cost, we may be forced to increase the price of our products to our customers, or we may have to reduce our gross margins on the products that we sell. Because some of our custom manufacturing contracts call for deliveries over a longer period of time, cost increases during the term of these agreements at times cannot be passed through to our customers and therefore will have to be borne by us.

We do not currently have any long-term supply agreements with any of our contract manufacturers, and such manufacturers could stop manufacturing products for us at any time. Although we believe that we could locate alternate contract manufacturers if any of our manufacturers terminated our business, our operations could be impacted until alternate manufacturers are found.

Our business strategy to expand through acquisitions of other businesses could increase operating costs and expose us to additional risks.

As part of our plan to operate businesses that are profitable and that reflect the changing market, we from time to time sell unprofitable divisions and purchase new businesses. Such recent transactions include the purchase of our new C Enterprises and Schrofftech subsidiaries in 2019 and Microlab in 2022. In addition, we have previously disclosed that, as part of our growth strategy, we intend to make additional acquisitions of businesses in the future. While we believe that restructuring our operations and acquiring other businesses will benefit us in the longer term, these acquisitions have in the short term caused us to incur additional legal, accounting and administrative expenses, including the cost of integrating the various accounting systems of our new subsidiaries, upgrading our information systems, and the cost of managing various divisions in separate locations and states. We may in the future make additional acquisitions. Accordingly, we will be subject to numerous risks associated with the acquisition of additional businesses, including:

- diversion of management's attention;
- the effect on our financial statements of the amortization of acquired intangible assets;
- the cost associated with acquisitions and the integration of acquired operations;
- we may not be able to secure capital to finance future acquisitions to the extent additional debt or equity is needed; and
- assumption of unknown liabilities, or other unanticipated events or circumstances.

Any of these risks could materially harm our business, financial condition and results of operations. There can be no assurance that any business that we acquire will achieve anticipated revenues or operating results.

In addition to the normal risks associated with purchasing a new business and operating at a new location, the Company's acquisition of Microlab in 2022 reduced our cash on hand by over \$7.3 million and we took on \$17 million of indebtedness and related financial covenants under the Term Loan, including imposing a limit on the ratio of debt to earnings before interest, taxes, depreciation and amortization. A breach of any of the covenants could result in a default under the credit facility. Upon the occurrence of an event of default under the credit facility, the commercial bank could terminate all commitments to extend further credit and elect to declare amounts outstanding thereunder to be immediately due and payable. The credit facility is secured by a lien on substantially all personal property of the Company and certain of its subsidiaries.

Global economic conditions and any related impact on our supply chain and the markets where we do business could adversely affect our results of operations.

The uncertain state of the global economy (including the current conflict between Russia and Ukraine and related economic and other retaliatory measures taken by the United States, European Union and others, and more recently between Israel and Hamas) continues to impact businesses around the world. Deteriorating economic conditions or financial uncertainty in any of the markets in which we sell our products could reduce business confidence and adversely impact spending patterns, and thereby could adversely affect our sales and results of operations. In challenging and uncertain economic environments such as the current one, we cannot predict whether or when such circumstances may improve or worsen, or what impact, if any, such circumstances could have on our business, financial condition and results of operations, or on the price of our common stock.

Recent inflationary pressures have increased the cost of energy and raw materials and may adversely affect our results of operations. If inflation continues to rise and further impact the cost of energy and raw materials, we may not be able to offset cost increases to our products through price adjustments without negatively impacting consumer demand, which could adversely affect our sales and results of operations.

Our business, financial condition and results of operations could be harmed by the effects of outbreaks of COVID-19 or similar public health crises.

We are subject to risks associated with public health threats, including outbreaks associated with COVID-19 and its variants, which have had and may continue to have an adverse impact on certain aspects of our business. While most countries have removed or reduced the restrictions initially implemented in response to COVID-19, the extent to which the COVID-19 pandemic or another public health crisis impact our business, results of operations, and financial condition will depend on future developments which are highly uncertain and are difficult to predict. These developments include, but are not limited to, future resurgences of the virus and its variants, actions taken to contain the virus or address its impact, the timing, distribution, and efficacy of vaccines and other treatments, and the imposition of government lockdowns, quarantine and physical distancing requirements.

Our dependence on third-party manufacturers increases the risk that we will not have an adequate supply of products or that our product costs will be higher than expected.

The risks associated with our dependence upon third parties which develop and manufacture and assemble the Company's products include:

- reduced control over delivery schedules and quality;
- risks of inadequate manufacturing yields and excessive costs;
- the potential lack of adequate capacity during periods of excess demand; and
- potential increases in prices due to raw material and/or labor costs.

These risks may lead to increased costs or delay product delivery, which would harm our profitability and customer relationships.

An impairment in the carrying value of goodwill, trade names and other long-lived assets could negatively affect our consolidated results of operations and net worth.

Goodwill and indefinite-lived intangible assets, such as trade names, are recorded at fair value at the time of acquisition and are not amortized, but are reviewed for impairment annually or more frequently if impairment indicators arise. In evaluating the potential for impairment of goodwill and trade names, we make assumptions regarding future operating performance, business trends and market and economic conditions. There are inherent uncertainties related to these factors and in applying these factors to the assessment of goodwill and trade name recoverability. Goodwill reviews are prepared using estimates of fair value based on the estimated present value of future discounted cash flows. We could be required to evaluate the recoverability of goodwill or trade names prior to the annual assessment upon unexpected significant declines in operating results, the divestiture of a significant component of our business or other factors.

No assurance can be given that events or circumstances will not change regarding the carrying value of goodwill of the Cables Unlimited, Microlab, Rel-Tech, C-Enterprises and Schrofftech subsidiaries or the CompPro product line. Should we in the future determine that the carrying value of the goodwill associated with some or all of these assets no longer is recoverable, we will have to record additional impairment losses. In the event that we have to record material impairment charges on the Cables Unlimited, Microlab, Rel-Tech, C-Enterprises or Schrofftech subsidiaries or the CompPro product line, such future charges could materially reduce future earnings, which would negatively affect our stock price.

Changes in technology may reduce the demand for some of our products.

The wireless and telecommunications industry is rapidly changing. Changes in the product demands by telecommunications and other infrastructure companies may make certain of our current products obsolete. Accordingly, we must quickly and efficiently react to technological developments and provide new products to meet the shifting demands of our customers. Our failure to successfully introduce new or enhanced products on a timely and cost-competitive basis could have a material adverse effect on the results of our operations and financial condition.

If the manufacturers of our coaxial connectors or other products discontinue the manufacturing processes needed to meet our demands or fail to upgrade their technologies, we may face production delays.

Our coaxial connector and other product requirements typically represent a small portion of the total production of the third-party manufacturers. As a result, we are subject to the risk that a third-party manufacturer will cease production of some of our products or fail to continue to advance the process design technologies on which the manufacturing of our products are based. Each of these events could increase our costs or harm our ability to deliver products on time or develop new products.

Our dependence upon independent distributors to sell and market our products exposes us to the risk that such distributors may decrease their sales of our products or terminate their relationship with us.

Our sales efforts are primarily effected through independent distributors. Although we have entered into written agreements with most of the distributors, the agreements are nonexclusive and generally may be terminated by either party upon 30-60 days' written notice. Our distributors are not within our control, are not obligated to purchase products from us, and may also sell other lines of products. There can be no assurance that these distributors will continue their current relationships with us or that they will not give higher priority to the sale of other products, which could include products of competitors. A reduction in sales efforts or discontinuance of sales of our products by our distributors would lead to reduced sales and could materially adversely affect our financial condition, results of operations and business. Selling through indirect channels such as distributors may limit our contact with our ultimate customers and our ability to assure customer satisfaction.

A material portion of our sales is dependent upon a few principal customers, the loss of whom could materially negatively affect our total sales.

We generate much of our revenue from a limited number of customers. For the year ended October 31, 2023, a wireless carrier customer accounted for approximately 10% of total sales and had no accounts receivable. Another distributor customer accounted for approximately 10% of total sales and for 11% of the total net accounts receivable. For the year ended October 31, 2022, the same wireless carrier accounted for approximately 20% of total sales, and a distributor accounted for less than 10% of total sales. These two customers' accounts receivable balances each accounted for approximately 14% and 19% of the total net accounts receivable balance at October 31, 2022. Although the distributors have been on-going major customers of the Company and the wireless carrier is a newer customer to the Company, the written agreements with these customers do not have any minimum purchase obligations and they could stop buying our products at any time and for any reason. A reduction, delay, or cancellation of orders from these customers or the loss of these customers could significantly reduce our future revenues and profits. Adverse events affecting our principal customers could also negatively affect our ability to retain their business and obtain new orders, which could adversely affect our revenue and results of operations.

Difficult conditions in the global economy may adversely affect our business and results of operations.

A prolonged economic downturn, both in the U.S. and worldwide, could lead to lower sales or reduced sales growth, reduced prices, lower gross margins, and increased bad debt risks, all of which could adversely affect our results of operations, financial condition and cash flows. Slowing economic activity, particularly in the telecommunication and data communication and wireless communications industries that represent our largest target market, may adversely impact the demand for our products. If the current economic condition in the U.S. deteriorates, our results could be adversely affected as demand for wireless products lessens. There could also be a number of other adverse follow-on effects on our business from a deterioration of economic conditions or from a credit crisis, including insolvency of certain key distributors, key suppliers, contract manufacturers and customers.

Because the markets in which we compete are highly competitive, a failure to effectively compete could result in an immediate and substantial loss of market share.

The markets in which we operate are highly competitive and we expect that competition will increase in these markets. In particular, the wireless and telecommunications markets in which most of our products are sold are intensely competitive. A failure to effectively compete in these markets could result in an immediate and substantial loss of revenues and market share. Because most of our sales are derived from products that are neither proprietary nor can be used to distinguish us from our competitors, our ability to compete successfully in these markets depends on a number of factors, including:

- product quality;
- reliability;
- customer support;
- time-to-market;
- price;
- market acceptance of competitors' products; and
- general economic conditions.

Our revenues may suffer if we are not able to effectively satisfy our customers in each of the foregoing ways. In addition, our competitors or customers may offer enhancements to their existing products or offer new products based on new technologies, industry standards or customer requirements that have the potential to replace or provide lower cost or higher performance alternatives to our products. The introduction of enhancements or new products by our competitors could render our existing and future products obsolete or unmarketable.

Many of our competitors have significantly greater financial and other resources. In certain circumstances, our customers or potential customers have internal or may in the future institute manufacturing capabilities with which we may compete.

If the industries into which we sell our products experience recession or other cyclical effects impacting the budgets of our customers, our operating results could be negatively impacted.

The primary customers for our connector and cable products are in the wireless communications industries. Any significant downturn in our customers' markets, in particular, or in general economic conditions which result in the reduction of budgets would likely result in a reduction in demand for our products and services and could harm our business. Historically, the communications industry has been cyclical, affected by both economic conditions and industry-specific cycles. Depressed general economic conditions and cyclical downturns in the communications industry have each had an adverse effect on sales of communications equipment, OEMs and their suppliers, including us. No assurance can be given that the wireless communications industry will not experience a material downturn in the near future. Any cyclical downturn in the communications industry could have a material adverse effect on us.

Because we sell our products to foreign customers, we are exposed to risks associated with international sales, including foreign currency exposure.

Sales to customers located outside the United States, either directly or through U.S. and foreign distributors, accounted for approximately 9% and 12% of our net sales during the years ended October 31, 2023 and 2022, respectively. International revenues are subject to a number of risks, including:

- longer accounts receivable payment cycles;
- difficulty in enforcing agreements and in collecting accounts receivable;
- tariffs and other restrictions on foreign trade;
- economic and political instability; and the
- burdens of complying with a wide variety of foreign laws.

Our foreign sales are also affected by general economic conditions in international markets. A prolonged economic downturn in our foreign markets could have an adverse effect on our business. There can be no assurance that the factors described above will not have an adverse material effect on our future international revenues and, consequently, on our financial condition, results of operations and business.

Since sales made to foreign customers have historically been in U.S. dollars, previously we have not been exposed to the risks of foreign currency fluctuations. However, with the acquisition of Microlab, sales made to certain foreign customers were denominated in the currencies of the countries where sales are made and for the fiscal year ended October 31, 2023 and October 31, 2022, we recognized \$0.1 million in foreign currency exchange gain and \$0.2 million in foreign currency exchange loss at time of collection, respectively.

The inability to hire or retain certain key professionals, management and staff could adversely affect our business, financial condition and results of operations.

Our future success depends largely upon the continued service of our executive officers and other key management and technical personnel, and on our ability to continue to identify, attract, retain and motivate them. However, other than the employment agreement we have entered into with Mr. Dawson, the Company's Chief Executive Officer, we currently do not have any other written employment agreements with our executive officers and managers. The market for employees in our industry is extremely competitive and the cost for new employees may exceed the cost of existing employees. The loss of key management and technical personnel could have an adverse effect on our business, financial position and results of operations.

We have few patent rights in the technology employed in our products, which may limit our ability to compete.

We own patents related to the CompPro proprietary product line, the Schrofftech telecom shelter cooling products and control systems, and patents recently acquired from Microlab relating to GPS signal repeaters as well as RF broadband non directional tap couplers. We have additional filings pending for RF system monitoring and GPS systems. Other than these existing and prospective patents, we do not hold any other United States or foreign patents. Historically, we have not sought to protect our rights in the technology that we develop or that our third-party contract manufacturers develop for us by means of the patent laws, and as a result, competitors can and do sell most of the same products as us, and we have not tried to prevent or restrict such competition.

We may determine that we need to litigate or arbitrate to enforce our contract and intellectual property rights, protect our trade secrets or determine the validity and scope of proprietary rights of others. As a result of any such litigation or arbitration, we could lose our ability to enforce one or more patents or other intellectual property rights. Any action we take to enforce our contract or intellectual property rights could be costly and could absorb significant management time and attention, which, in turn, could negatively impact our results of operations and cash flows. Further, even a positive resolution to our enforcement efforts may take time to conclude, which may reduce our revenues and cash resources available for other purposes, such as research and development, in the periods prior to conclusion.

Claims by other companies that we infringe their intellectual property could adversely affect our business

Companies may assert patent, copyright or other intellectual property claims against our products or products using our technologies or other technologies used in our industry, which claims could result in our involvement in litigation. We may not prevail in such litigation given, among other factors, the complex technical issues and inherent uncertainties in intellectual property litigation. If any of our products were found to infringe another company's intellectual property, we could be subject to an injunction or be required to redesign our products, or to license such intellectual property or pay damages or other compensation to such other company (any of which could be costly). If we are unable to redesign our products, license such intellectual property used in our products or otherwise distribute our products (e.g., through a licensed supplier), we could be prohibited from making and selling our products.

Similarly, our suppliers could be found to infringe another company's intellectual property, and such suppliers could then be enjoined from providing products or services to us.

A cyber incident could result in information theft, data corruption, operational disruption, and/or financial loss.

Businesses have become increasingly dependent on digital technologies to conduct day-to-day operations. Additionally, we may be exposed to increased cybersecurity risks as a result of remote working requirements imposed on us as a result of the COVID-19 pandemic. At the same time, cyber incidents, including deliberate attacks or unintentional events, have increased. A cyberattack could include gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption or result in denial of service on websites. We depend on digital technology, including information systems and related infrastructure, to process and record financial and operating data, and communicate with our employees and business partners. Our technologies, systems, networks, and those of our business partners may become the target of cyberattacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information, or other disruption of our business operations. Although to date we have not experienced any material losses relating to cyberattacks, there can be no assurance that we will not suffer such losses in the future. Cyberattacks are increasing in their frequency, sophistication and intensity. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance its protective measures or to investigate and remediate any information security vulnerabilities. In addition, our liability insurance may not be sufficient in type or amount to cover us against claims related to security breaches, cyberattacks and other related breaches.

Risks Related to Our Common Stock

Volatility of trading prices of our stock could result in a loss on an investment in our stock.

As a company with a relatively small public float, we may experience greater stock price volatility, price run-ups, lower trading volume and less liquidity than large-capitalization companies. The market price of our common stock has varied greatly, and the trading volume of our common stock has historically fluctuated greatly as well. These fluctuations often occur independently of our performance or any of our announcements. Factors that may result in such fluctuations include:

- any shortfall in revenues or net income from revenues or net income expected by securities analysts, or a net loss in our quarterly or annual operations;
- fluctuations in our financial results or the results of other communications-related companies, including those of our direct competitors;
- general conditions in the connector and communications industries;
- changes in our revenue growth rates or the growth rates of our competitors;
- sales of large blocks of our common stock; and
- conditions in the financial markets in general.

In addition, the stock market may, from time to time, experience extreme price and volume fluctuations, which may be unrelated to the operating performance of any specific company. Accordingly, the market prices of our common stock may be expected to experience significant fluctuations in the future.

Failure to maintain an effective system of internal control over financial reporting or to remediate weaknesses could materially harm our revenues, erode stockholder confidence in our ability to pursue business and report our financial results/condition, and negatively affect the trading price of our common stock.

As a public reporting company, we are required to establish and maintain effective internal control over financial reporting. Failure to establish such internal control, or any failure of such internal control once established, could adversely impact our public disclosures regarding our business, financial condition or results of operations. Any failure of our internal control over financial reporting could also prevent us from maintaining accurate accounting records and discovering accounting errors and financial frauds.

Rules adopted by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 require annual assessment of our internal control over financial reporting. The standards that must be met for management to assess the internal control over financial reporting as effective are complex, and require significant documentation, testing and possible remediation to meet the detailed standards. Any assessment by management that there are weaknesses in our internal control over financial reporting may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in the internal controls over financial reporting (including those weaknesses identified in periodic reports), or disclosure of management's assessment of the internal controls over financial reporting may have an adverse impact on the price of our common stock.

As of October 31, 2023 and 2022, we determined that our internal control over financial reporting was effective. However, no assurance can be given that there will not be failures in our internal controls in future periods.

While we have in the past paid dividends, no assurance can be given that we will declare or pay cash dividends in the future.

During fiscal 2023, we did not make any dividend distributions to our stockholders. Dividends are declared and paid at the discretion of the Board of Directors subject to applicable laws, and depend on a number of factors, including our financial condition, results of operations, capital requirements, plans for future acquisitions, contractual restrictions, general business conditions and other factors that our Board of Directors may deem relevant. Therefore, even if our operations return to their prior level of profitability, any decision to pay dividends in the future will depend on various other factors that the Board may consider relevant. Accordingly, no assurance can be given that we will once again pay dividends in the future. If we do not pay a cash dividend, our stockholders will not realize a return on their investment in the common stock except to the extent of any appreciation in the value of the common stock.

Future sales of our common stock in the public market could cause our stock price to fall.

As a smaller capitalized company, the average trading volume of our shares of common stock is relatively small. As a result, sales of a significant number of shares, or the perception that significant sales could occur, could result in a decline in our stock price. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

As of October 31, 2023, we had 10,343,223 shares of common stock outstanding. In addition, we had outstanding options for the purchase of 750,143 shares of common stock, the exercise of which would increase the number of common stock outstanding. The issuance and subsequent sale of the shares underlying these stock options could depress the trading price of our common stock. As of October 31, 2023, we also had 703,252 shares available for future grant as stock options or restricted shares, the issuance and sale of which could also impact our stock price.

Provisions of our certificate of incorporation and bylaws and Nevada law may make a takeover more difficult.

There are provisions in our basic corporate documents and under Nevada law that could discourage, delay or prevent a change in control, even if a change in control may be regarded as beneficial to some or all of our stockholders.

We are a "smaller reporting company" and we have elected to comply with certain reduced reporting and disclosure requirements which could make our common stock less attractive to investors.

We are a "smaller reporting company," as defined in the Regulation S-K of the Securities Act of 1933, as amended, which allows us to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not smaller reporting companies, including (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, and (2) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. In addition, we are only required to provide two years of audited financial statements in our SEC reports. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until we are no longer a "smaller reporting company". We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal controls in the future.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY

Not applicable.

ITEM 2. DESCRIPTION OF PROPERTY

We currently lease 86,952 square feet of space for our corporate headquarters and RF connector and cable assembly manufacturing facilities in San Diego, California. On June 27, 2023, we entered into a Managed Client Agreement with RGN-MCA San Diego II, LLC (“IWG”) pursuant to which IWG agreed to provide managed services for flexible workspaces under the “Regus” brand for 39,979 square feet on the 1st and 2nd floor(s) of the adjacent and vacant office spaces of our corporate headquarters. We occupy 46,973 square feet of office, warehouse and manufacturing space that house our corporate administration, sales and marketing, and engineering departments. The buildings are also used for production and warehousing by our RF Connector segment. We also lease 38,200 square feet of office and commercial lab space in Parsippany, New Jersey, where we operate the Micolab division. Additionally, we lease spaces in three other locations in the United States that house the administration offices and manufacturing facilities for our Custom Cabling segment. The table below shows a summary of the square footage of these locations as of October 31, 2023:

<u>Lease Location</u>	<u>Square Footage</u>
Milford, CT	13,750
North Kingstown, RI	10,700
Yaphank, NY	24,500

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. As of the date of this report, we are not subject to any proceeding that is not in the ordinary course of business or that is material to the financial condition of our business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information. RF Industries, Ltd.’s common stock is listed on The Nasdaq Global Market and is traded under the “RFIL” trading symbol.

Stockholders. As of October 31, 2023, there were 251 holders of our common stock according to the records of our transfer agent, Continental Stock Transfer & Trust Company, New York, New York, not including holders who hold their stock in “street name.”

Issuer Purchases of Equity Securities. We did not repurchase any of our equity securities during the fourth quarter of fiscal 2023.

Recent Sales of Unregistered Securities. There were no previously unreported sales of equity securities by us that were not registered under the Securities Act during fiscal 2023.

Dividend Policy. Due to the current economic uncertainty and other financial considerations, our Board did not issue any dividend payments in fiscal year 2023. In the past our Board has approved dividend payments, but no assurance can be given if, or when the Board will resume dividend payments. The declaration and amount of any actual cash dividend are in the sole discretion of the Board and are subject to numerous factors that ordinarily affect dividend policy, including the results of our operations and financial position, as well as general economic and business conditions. Accordingly, if and when any dividends will be declared in the future will be determined by our Board based on the Company’s future operations and on the Board’s decision regarding the use of any future earnings.

ITEM 6. RESERVED

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The consolidated financial statements and related disclosures have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). The preparation of these consolidated financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. We evaluate our estimates, including those related to bad debts, inventory reserves and contingencies, on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be appropriate under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Revenue Recognition

Revenue is recorded in an amount that reflects the consideration to which we expect to be entitled in exchange for goods or services promised to customers. In accordance with ASC (“Accounting Standards Codification”) 606, we follow a five-step model to: (1) identify the contract with our customer; (2) identify our performance obligations in our contract; (3) determine the transaction price for our contract; (4) allocate the transaction price to our performance obligations; and (5) recognize revenue when (or as) each performance obligation is satisfied. In accordance with this accounting principle, we recognize revenue using the output method at a point in time when finished goods have been transferred to the customer and there are no other obligations to customers after the title of the goods have transferred. Title of goods are transferred based on shipping terms for each customer – for shipments with terms of FOB Shipping Point, title is transferred upon shipment; for shipments with terms of FOB Destination, title is transferred upon delivery.

Inventories

Inventories are stated at the lower of cost or net realizable value, with cost determined using the weighted average cost method of accounting. Certain items in inventory may be considered obsolete or excess and, as such, we periodically review our inventories for excess and slow moving items and makes provisions as necessary to properly reflect inventory value. Because inventories have, during the past couple years, represented up to one-fourth of our total assets, any reduction in the value of our inventories would require us to take write-offs that would affect our net worth and future earnings.

Allowance for Doubtful Accounts

We record our allowance for doubtful accounts based upon our assessment of various factors. We consider historical experience, the age of the accounts receivable balance, credit quality of our customers, current economic conditions and other factors that may affect a customer’s ability to pay.

Long-Lived Assets Including Goodwill

We assess property, plant and equipment and intangible assets, which are considered definite-lived assets, for impairment. Definite-lived assets are reviewed when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We measure recoverability of these assets by comparing the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If property and equipment and intangible assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair market value.

We amortize our intangible assets with definite useful lives over their estimated useful lives and review these assets for impairment.

We test our goodwill and trademarks and indefinite-lived assets for impairment at least annually or more frequently if events or changes in circumstances indicate these assets may be impaired. These events or circumstances require significant judgment and could include a significant change in the business climate, legal factors, operating performance indicators, competition and sale or disposition of all or a portion of a division. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for our business, estimation of the useful life over which cash flows will occur, and determination of our weighted average cost of capital.

As of October 31, 2023, we performed an impairment test analysis for Microlab and as of July 31, 2023, we performed an impairment test analysis for Schrofftech. As noted above, we test our goodwill, trademarks, and indefinite-lived intangible assets for impairment at least annually, which we have traditionally done in the fourth quarter, or on an interim basis when events or changes in circumstances suggest these assets may be impaired. Impairment is measured as the excess of the carrying value of the goodwill or indefinite-lived intangible asset over its fair value.

Impairment may result from a number of factors, including performance deterioration, negative cash flows from operations and/or changes in anticipated future cash flows, changes in business plans, adverse economic or market conditions, or other factors beyond our control. The amount of any impairment must be expensed as a charge to operations. Microlab’s results for the fiscal year ended October 31, 2023 triggered an impairment analysis. Schrofftech’s three and nine-month results ended July 31, 2023 triggered an impairment analysis. Microlab was acquired in March 1, 2022 for a total purchase price of \$24.5 million. Schrofftech was acquired on November 4, 2019 for a total purchase price of \$5.3 million, consisting of cash consideration of \$4.0 million and \$1.3 million in earn-out, of which none was earned.

As of October 31, 2023, Microlab has a carrying value of \$17.2 million, of which includes \$5.6 million in goodwill, \$11.6 million in net amortizable intangible assets. As of October 31, 2023, Schrofftech has a carrying value of \$3.1 million, of which includes \$1.1 million in goodwill, \$0.5 million in non-amortizable intangible assets and \$1.5 million in net amortizable intangible assets. The analyses performed included a blend of the income approach (discounted cash flow method) and market approach (guideline public company method) to reach a fair value of equity in excess of the fair value to the carrying amount.

The analysis performed in blending the income approach and the market approach incorporates several significant judgments and assumptions about projected revenue growth, future operating margins and discount rates. There are inherent uncertainties related to these assumptions and our judgment in applying them to the impairment analysis. Changes in certain events or circumstances could result in changes to our estimated fair values and may result in future write-downs to the carrying values of these assets. Impairment charges could adversely affect our financial results, financial ratios and could limit our ability to obtain financing in the future.

Income Taxes

We record a tax provision (benefit) for the anticipated tax consequences of the reported results of operations. Income taxes are accounted for under the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates as of the date of the financial statements that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. We record a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

We account for uncertain tax positions by determining if it is “more likely than not” that a tax position will be sustained by the appropriate taxing authorities upon examination based on the technical merits of the position. An uncertain income tax position is not recognized if it has less than a 50% likelihood of being sustained. We recognize interest and penalties related to certain uncertain tax positions as a component of income tax expense and the accrued interest and penalties are included in deferred and income taxes payable in our consolidated balance sheets. See Note 8 to the Consolidated Financial Statements included in this Report for more information on our accounting for uncertain tax positions.

The calculation of the tax provision involves significant judgment in estimating the impact of uncertainties in the application of GAAP and complex tax laws. Resolution of these uncertainties in a manner inconsistent with management’s expectations could have a material impact on our financial condition and operating results.

Stock-based Compensation

We use the Black-Scholes model to value our stock option grants. This valuation is affected by our stock price as well as assumptions regarding a number of inputs which involve significant judgments and estimates. These inputs include the expected term of employee stock options, the expected volatility of the stock price, the risk-free interest rate and expected dividends.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

For recently issued accounting pronouncements that may affect us, see Note 1 of Notes to Consolidated Financial Statements.

OVERVIEW

During the periods covered by this Annual Report, we marketed a variety of connector products, including connectors and cables, standard and custom cable assemblies, wiring harnesses and fiber optic cable products to numerous industries for use in thousands of products. We aggregate our operating divisions into segments that have similar economic characteristics and are similar in the majority of the following areas: (1) the nature of the product and services; (2) the nature of the production process; (3) the type or class of customer for their products and services; (4) the methods used to distribute their products or services; and (5) if applicable, the nature of the regulatory environment. We have two reportable segments – the RF Connector and Cable Assembly (“RF Connector”) segment and the Custom Cabling Manufacturing and Assembly (“Custom Cabling”) segment – based upon this evaluation.

The RF Connector segment was comprised of three divisions while the Custom Cabling segment was comprised of three divisions. The six divisions that met the quantitative thresholds for segment reporting in the fiscal year ended October 31, 2022 were the RF Connector and Cable Assembly division, Cables Unlimited, Rel-Tech, C Enterprises, Schrofftech, and Microlab.

Revenues generated from the Custom Cabling segment were from the sale of fiber optics cable, copper cabling, custom patch cord assemblies, and wiring harnesses, which collectively accounted for 64% of the Company's total sales, and revenues from the RF Connector segment were generated from the sales of RF connector products and cable assemblies and accounted for 36% of total sales for fiscal 2023. The RF Connector segment mostly sells standardized products regularly used by customers and, therefore, has a more stable revenue stream when compared to the Custom Cabling segment. The Custom Cabling segment mostly designs, manufactures, and sells customized cabling and wireless-related equipment under larger project-based purchase orders. Accordingly, the Custom Cabling segment is more dependent upon larger project orders, and its revenues, therefore, may be more volatile than the revenues of the RF Connector segment.

The extent of the impact of the COVID-19 pandemic on our operational and financial performance will depend on future developments, including the duration and spread of the pandemic and related actions taken by domestic and international jurisdictions to prevent disease spread, all of which are uncertain and cannot be predicted. During the periods covered by this report, we generally saw a recovery to a more normal environment though the operations at all locations were affected intermittently as some of our employee schedules were impacted, and as certain macro-economic conditions persisted. Because of the impact that COVID-19 had on our operations, in May 2020 we applied for and received loans under the Paycheck Protection Program ("PPP") of the Coronavirus Aid, Relief, and Economic Security Act, H.R. 748 ("CARES Act") totaling approximately \$2.8 million ("PPP Loans"). All of our PPP Loans have been forgiven and are considered paid in full (including applicable interest).

In March 2021, the Internal Revenue Service ("IRS") released Notice 2021-20, which retroactively eliminated the restriction that prevented employers who received a PPP loan from qualifying for the Employee Retention Credit ("ERC"), which is a refundable tax credit against certain employment taxes. Upon determination that the employer has complied with all of the conditions required to receive the credit, a receivable is recognized and the credit reduces salaries and wages. For the fiscal year ended October 31, 2022, we qualified and filed to claim the ERC and have recorded the credit as a receivable in Other Current Assets. As of October 31, 2023, we carried a \$0.1 million ERC receivable in Other Current Assets.

Financial Condition

The following table presents certain key measures of financial condition as of October 31, 2023 and 2022 (in thousands, except percentages):

	2023		2022	
	Amount	% Total Assets	Amount	% Total Assets
Cash and cash equivalents	\$ 4,897	6.0%	\$ 4,532	5.1%
Current assets	36,040	43.8%	46,247	51.6%
Current liabilities	12,511	15.2%	19,536	21.8%
Working capital	23,529	28.6%	26,711	29.8%
Property and equipment, net	4,924	6.0%	3,173	3.5%
Total assets	82,278	100.0%	89,566	100.0%
Stockholders' equity	39,762	48.3%	41,869	46.7%

Liquidity and Capital Resources

Historically, we have been able to fund our liquidity and other capital requirements from funds we generated from operations. However, we have incurred operating losses in fiscal 2023. During this period, we have implemented certain cost-cutting measures to reduce our operating expenses and to help drive positive operating cash flow and increase liquidity. Our plan includes consolidating facilities and recognizing the related operating efficiencies and synergies in our production operations. We intend to continue to pursue additional improvement and cost reduction measures, as well as organic growth in revenue and profitability.

As of October 31, 2023, we had a total of \$4.9 million of cash and cash equivalents compared to a total of \$4.5 million of cash and cash equivalents as of October 31, 2022. As of October 31, 2023, we had working capital of \$23.5 million and a current ratio of approximately 2.9:1 with current assets of \$36.0 million and current liabilities of \$12.5 million. We believe that the amount of cash remaining will be sufficient to fund our anticipated liquidity needs.

As of October 31, 2023, we had \$16.1 million of backlog, compared to \$27.8 million as of October 31, 2022. The decrease in backlog relates primarily to shipments made against orders for our hybrid fiber cables. Since purchase orders are submitted from customers based on the timing of their requirements, our ability to predict orders in future periods or trends in future periods is limited. Furthermore, purchase orders may be subject to cancellation from customers, although we have not historically experienced material cancellations of purchase orders.

As of October 31, 2023, we generated \$4.2 million of cash in our operating activities. This net inflow of cash is primarily related to an increase in other current assets of \$3.7 million, the collections of accounts receivable of \$4.4 million, \$2.4 million from depreciation and amortization, \$2.3 million from inventories, \$1.5 million from right of use assets, \$0.9 million from stock-based compensation expense, and \$0.1 million from bad debt expense. The cash usage was primarily due to accrued expenses of \$4.2 million, payments on accounts payable of \$2.5 million, income tax payable \$0.8 million, deferred income taxes \$0.7 million and our net loss of \$3.1 million. The cash generated by other current assets represents \$3.7 million, which primarily consists of \$2.8 million of reimbursement for tenant improvements and \$1.5 million received from ERC, offset by \$0.6 million of prepaid taxes.

As of October 31, 2023, we also spent \$2.5 million on capital expenditures, and \$2.4 million in Term Loan payments. The cash used in operating activities and the amounts spent on capital expenditures were partially offset by \$0.1 million of proceeds received from the exercise of stock options. As noted above, we also drew \$1.0 million from the Revolving Credit Facility in fiscal 2023, primarily to fund leasehold improvements to the new corporate headquarters.

Our goal to expand and grow our business both organically and through acquisitions may require material additional capital equipment. In the past, we have purchased all additional equipment, or financed some of our equipment and furnishings requirements through capital leases. At this time, we have not identified any additional capital equipment purchases that would require significant additional leasing or capital expenditures during the next 12 months. We also believe that based on our current financial condition, our current backlog of unfulfilled orders, and our anticipated future operations, we would be able to finance our expansion, if necessary.

From time to time, we may undertake acquisitions of other companies or product lines in order to diversify our product and solutions offerings and customer base. Conversely, we may undertake the disposition of a division or product line due to changes in our business strategy or market conditions. Acquisitions may require the outlay of cash, which may reduce our liquidity and capital resources while dispositions may increase our cash position, liquidity and capital resources. Since our goal is to continue to expand our operations and accelerate our growth through future acquisitions, we may use some of our current capital resources to fund acquisitions we may undertake in the future.

Results of Operations

The following summarizes the key components of our consolidated results of operations for the fiscal years ended October 31, 2023 and 2022 (in thousands, except percentages):

	2023		2022	
	Amount	% of Net Sales	Amount	% of Net Sales
Net sales	\$ 72,168	100.0%	\$ 85,254	100.0%
Cost of sales	52,631	72.9%	60,705	71.2%
Gross profit	19,537	27.1%	24,549	28.8%
Engineering expenses	3,151	4.4%	2,913	3.4%
Selling and general expenses	20,183	28.0%	19,448	22.8%
Operating income	(3,797)	-5.3%	2,188	2.6%
Other (loss) income	(453)	-0.6%	(601)	-0.7%
Income before provision for income taxes	(4,250)	-5.9%	1,587	1.9%
Provision for income taxes	(1,172)	-1.6%	139	0.2%
Consolidated net income	(3,078)	-4.3%	1,448	1.7%

Net sales for the year ended October 31, 2023 (“fiscal 2023”) of \$72.2 million decreased by 15.4%, or \$13.1 million, compared to the year ended October 31, 2022 (“fiscal 2022”). The decrease in net sales is attributable to the Custom Cabling segment, which decreased by \$15.5 million, or 37.2%, to \$26.2 million compared to \$41.7 million in fiscal 2022, primarily related to wireless carrier network deployment slowdowns across the industry in fiscal 2023 impacting both our hybrid fiber sales and our small cell and direct air cooling products. Net sales for fiscal 2023 at the RF Connector segment increased by \$2.4 million, or 5.5%, to \$45.9 million compared to \$43.5 million in fiscal 2022. The increase was primarily the result of the Microlab acquisition on March 1, 2022.

Gross profit for fiscal 2023 decreased by \$5.0 million to \$19.5 million and gross margins decreased to 27.1% of sales from 28.8% of sales in fiscal 2022. The decreases in gross profit and gross margins were primarily related to the overall decrease in sales and the sales mix.

Engineering expenses increased by \$0.3 million to \$3.2 million for fiscal 2023 compared to \$2.9 million in fiscal 2022. The increase was primarily due to engineering efforts associated with our integrated systems products and a full year of Microlab operations. Engineering expenses represent costs incurred relating to the ongoing research and development of new products.

Selling and general expenses increased by \$0.8 million to \$20.2 million (28.0% of sales) compared to \$19.4 million (22.8% of sales) in fiscal 2022. Microlab, which was acquired on March 1, 2022, accounted for \$4.9 million of the selling and general expenses, as compared to \$3.3 million in fiscal 2022. The increase at Microlab was offset by decreases in variable compensation related to commissions and bonus as a result of the lower sales overall. We also incurred one-time charges totaling \$0.9 million related to an additional rent expense of \$444,000 (of which \$387,000 was non-cash) related to lease accounting, \$252,000 in facility move expenses, severance of \$75,000, \$63,000 in ERP system implementations, \$50,000 in bank waiver amendment fees and \$42,000 in bank covenant reviews in fiscal 2023 compared to acquisition related expenses and other one-time charges (including attorney fees, due diligence and broker fees) which accounted for \$2.1 million in fiscal 2022.

For fiscal 2023, we recorded a pretax income for the Custom Cabling segment of \$0.6 million and a pretax loss for the RF Connector segment of \$3.5 million, as compared to \$4.1 million and \$0.6 million of income, respectively, for fiscal 2022. The pretax loss at the Custom Cabling segment was primarily due to the decrease in sales of hybrid fiber cables to our wireless carrier customers and a decrease in sales of small cell products and systems to customers in the Tier-1 wireless ecosystem. The decrease in the pretax net income at the RF Connector segment was primarily due to the decrease in sales related to carrier projects involving approved RF components.

For fiscal 2023 and 2022, we recorded income tax (benefit) provision of (\$1,172,000) and \$139,000, respectively. The effective tax rate was 27.6% for fiscal 2023, compared to 8.8% for fiscal 2022. The change in effective tax rate for fiscal 2023 and 2022 was primarily driven by stock-based compensation windfall/shortfalls, change in valuation allowance and the Company's full year financial loss.

For fiscal 2023, net loss was \$3.1 million and fully diluted loss per share was \$0.30 as compared to a net income of \$1.4 million and fully diluted earnings per share of \$0.14 for fiscal 2022. For fiscal 2023, the diluted weighted average shares outstanding was 10,283,449 as compared to 10,242,417 for fiscal 2022.

Inflation and Rising Costs

The cost to manufacture the Company's products is influenced by the cost of raw materials and labor. The Company has recently experienced higher costs as a result of the increasing cost of labor and the increasing cost of raw materials. The cost of raw materials is due in part to a shortage in the availability of certain products, the higher cost of shipping, and inflation. Labor costs have risen recently as a result of increases in the minimum wage laws and an increased demand for workers. The Company may, from time to time, try to offset these cost increases by increasing the prices of its products. However, because the prices of certain of the Company's products, particularly those under longer-term manufacturing contracts for communications related products, are fixed until the goods are manufactured and delivered, implementing price increases frequently is often not feasible.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to a "smaller reporting company" as defined in Item 10(f)(1) of SEC Regulation S-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's financial statements required by this item are set forth as a separate section of this Annual Report on Form 10-K and incorporated by reference in this Item 8. The following Financial Statements of the Company with related Notes and Report of Independent Registered Public Accounting Firm are attached hereto as pages F-1 to F-22 and filed as part of this Annual Report:

- Report of CohnReznick LLP, Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as of October 31, 2023 and 2022
- Consolidated Statements of Operations for the years ended October 31, 2023 and 2022
- Consolidated Statements of Stockholders' Equity for the years ended October 31, 2023 and 2022
- Consolidated Statements of Cash Flows for the years ended October 31, 2023 and 2022
- Notes to Consolidated Financial Statements

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

None

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) that are designed to assure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

In designing and evaluating the disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide reasonable assurance only of achieving the desired control objectives, and we necessarily are required to apply our judgment in weighing the costs and benefits of possible new or different controls and procedures. Limitations are inherent in all control systems, so no evaluation of controls can provide absolute assurance that all control issues and any fraud have been detected. Because of the inherent limitations, we regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, and to maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

As required by Exchange Act Rule 13a-15(b), as of the end of the period covered by this report, we, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of October 31, 2023.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our system of internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Under the supervision and with the participation of the Company's management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control-Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the above evaluation, management has concluded that our internal control over financial reporting was effective as of October 31, 2023.

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

Changes in Internal Controls

There were no changes in our internal control over financial reporting during the most recent fiscal quarter ended October 31, 2023 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Internal Controls

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ITEM 9B. OTHER INFORMATION

During the quarter ended October 31, 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Set forth below is information regarding the Company's directors, including information furnished by them as to their principal occupations for the last five years, and their ages as of January 15, 2024. Other than Robert Dawson, our current President and Chief Executive Officer, all of the Directors are "independent directors" as defined by the listing standards of the NASDAQ Stock Market, and the Board of Directors has determined that such independent directors have no relationship with the Company that would interfere with the exercise of their independent judgment in carrying out the responsibilities of a director.

Name	Age	Director Since
Mark K. Holdsworth, Chairman	58	2020
Sheryl Cefali	61	2019
Robert Dawson	50	2018
Gerald T. Garland	73	2017
Kay L. Tidwell	46	2022

Mark K. Holdsworth was appointed to the Board on December 31, 2020. Mr. Holdsworth is the Managing Partner of The Holdsworth Group, LLC ("THG"), which he founded in 2019. THG is a capital partner, advisor, and curator of alternative investments for family offices and corporations worldwide. From 1999-2018, Mr. Holdsworth was a Co-Founder, Managing Partner and Operating Partner of Tennenbaum Capital Partners, LLC ("TCP"), a Los Angeles-based private multi-strategy investment firm that was acquired by BlackRock, Inc. in August 2018, and was a Managing Director of BlackRock until April 2019. Mr. Holdsworth is currently a director of Parsons Corporation (NYSE: PSN), where he previously held the position of Chairman of the Corporate Governance and Responsibility Committee, and was a former member of the Executive Committee. Mr. Holdsworth earned a Bachelor of Arts degree from Pomona College, a Bachelor of Science degree (with Honors) from the California Institute of Technology and a Master of Business Administration degree from Harvard Business School.

Sheryl Cefali was appointed to the Board of Directors in 2019 and currently serves as the Chair of the Compensation Committee and a Committee member on the Audit Committee and the Nominating and Corporate Governance Committee. Ms. Cefali is a Managing Director in the Duff & Phelps Opinions Practice of Kroll, LLC. Ms. Cefali has over 30 years of experience rendering fairness and solvency opinions and determining valuations of companies and securities. She is a member of the Fairness and Solvency Opinion Senior Review Committee at Duff & Phelps. Prior to joining Duff & Phelps in 1990, she was a Vice President with Houlihan Lokey. Ms. Cefali received her M.B.A. with a concentration in finance from the University of Southern California and her B.A. degree from the University of California at Santa Barbara.

Robert Dawson has been the Company's President and Chief Executive Officer since July 17, 2017. Effective July 21, 2018, Mr. Dawson was appointed to the Company's Board to also serve as a director. Prior to joining RF Industries on July 17, 2017, Mr. Dawson was President and CEO of Vision Technology Services, an information technology consulting and project management company that was acquired by BG Staffing. He spent 2007-2013 at TESSCO Technologies, a publicly traded distributor of wireless products and services. At TESSCO Mr. Dawson held multiple executive roles in sales, marketing, product management and strategy culminating with being Vice President of Sales, responsible for TESSCO's sales organization and leading a team delivering more than \$700 million in sales. He joined TESSCO through the 2007 acquisition of NetForce Solutions, a technology training and consulting firm that he co-founded in 2000 and led as the Chief Executive Officer through seven years of growth before being acquired by TESSCO. Mr. Dawson received his Bachelor's degree in Business Administration from Hillsdale College.

Gerald T. Garland has been a Board member since 2017 and currently serves as Chair of the Audit Committee and a Committee member on the Compensation Committee. He is currently the CEO and Co-Founder of Life, Leadership and Legacy, LLC. From 2003 until 2015, Mr. Garland served as Senior Vice President of Solutions Development and Product Management and SVP of the Commercial Division for TESSCO Technologies, a publicly traded value-added distributor and solutions provider for the wireless industry. He was previously Director of Business Development at American Express Tax and Business Services from 2002 to 2003, where he was involved in an expanded asset recovery capability for Fortune 1000 companies. From 2000 to 2001, he was Chief Financial Officer at Mentor Technologies, a developer of on-line, CISCO certification training products. Mr. Garland was Chief Financial Officer and Treasurer at TESSCO Technologies from 1993 to 1999, during which he oversaw the company's initial public offering as well as TESSCO's significant sales expansion. Prior to joining TESSCO, Mr. Garland held leadership positions at Bank of America and Stanley Black & Decker. Mr. Garland received his M.B.A., with a concentration in Finance from Loyola University and his Bachelor of Science in Business Management and Accounting from Towson University. He is a member of the Board of Directors and Senior Adviser to the World Trade Center Institute and a Senior Adviser and former Board member of SOZO Children.

Kay L. Tidwell was appointed to the Board in 2022 and serves as the Chair of the Nominating and Corporate Governance Committee and is a member of the Compensation Committee. Ms. Tidwell is the Executive Vice President, General Counsel and Chief Risk Officer of Hudson Pacific Properties Inc. ("Hudson Pacific"). She joined Hudson Pacific in 2010 and is responsible for the Company's corporate legal function, overseeing corporate governance matters, SEC and NYSE compliance, insurance and litigation, as well as managing outside counsel. Prior to Hudson Pacific, Ms. Tidwell was an attorney at Latham & Watkins LLP ("Latham & Watkins"), where she began her legal career in the Los Angeles office, advising on a wide variety of corporate and securities matters, including Hudson Pacific's IPO. Ms. Tidwell also worked as the U.S. associate in the German offices of Latham & Watkins. She serves on the board of Elemental Music, a nonprofit providing after-school music ensembles for elementary, middle and high school students. Ms. Tidwell received a Bachelor of Arts degree in English, magna cum laude, from Yale College. She also earned a Juris Doctor degree from Yale Law School.

The Company believes that Messrs. Holdsworth, Dawson and Garland and Ms. Cefali and Tidwell have the following qualifications as members of the Board of Directors:

Mark K. Holdsworth: Mr. Holdsworth has significant experience in investment banking and investment management. In addition, Mr. Holdsworth has experience in serving on the Boards of Directors of major public companies and as the Chairman of a Corporate Governance and Responsibility Committee.

Sheryl Cefali: Ms. Cefali has over 30 years of experience rendering fairness and solvency opinions and determining valuations of companies and securities. Ms. Cefali is currently a Managing Director at Kroll, LLC, as well as a member of that firm's Fairness and Solvency Opinions Senior Review Committee.

Robert Dawson: Mr. Dawson has significant leadership experience in sales, marketing, product management and strategy for a leading publicly traded distributor of wireless products and services. Mr. Dawson also served as President and CEO of an information technology consulting and project management company and was a co-founder of a successful telecom and wireless technology training and consulting firm that he led for seven years of growth until it was acquired.

Gerald T. Garland: Mr. Garland has significant leadership experience in financial management, product management, sales management, solutions development and global sourcing. Mr. Garland has significant industry experience having served as the Chief Financial Officer and Senior Vice President for a leading publicly traded distributor and solutions provider of wireless products and services for over 18 years. Mr. Garland has also held senior leadership positions with Bank of America, Stanley Black & Decker and American Express Tax and Business Services.

Kay L. Tidwell. Ms. Tidwell has experience advising public company boards as a former attorney at Latham & Watkins. In her current role as Executive Vice President, General Counsel and Risk Officer of Hudson Pacific, she also has relevant corporate governance compliance and risk management experience.

Management

Robert Dawson, 50, has been the Company's President and Chief Executive Officer since July 17, 2017. Effective July 21, 2018, Mr. Dawson was appointed to the Company's Board to also serve as a director. See preceding section for information regarding Mr. Dawson.

Peter Yin, 41, Chief Financial Officer, was appointed as the Company's Interim Chief Financial Officer and Corporate Secretary effective July 11, 2020, promoted to Chief Financial Officer on January 12, 2021 and additionally appointed Treasurer on December 10, 2021. Mr. Yin, a Certified Public Accountant and a Certified Fraud Examiner, joined the Company in September 2014 and served as the Company's Senior Vice President, Finance & Operations since November 2019. Prior to joining the Company, Mr. Yin worked at Sony Corporation of America in Corporate Audit from 2010 to 2014, and at Grant Thornton in the Assurance practice from 2006 to 2010. Mr. Yin received a Bachelor's degree in Accountancy from the University of San Diego.

Ray Bibisi, 59, joined the Company as Chief Revenue Officer in January 2020 and was promoted to Chief Operating Officer effective in May 2022. Prior to joining the Company, he spent over 30 years at Radio Frequency Systems, where he concurrently held the roles of Vice President of Sales and General Manager of North America, and was a member of the Global Governing Executive Committee, and concurrently also oversaw operations, finance, supply chain, and research and development.

Board of Director Meetings

During the fiscal year ended October 31, 2023, the Board of Directors held five meetings. During the fiscal year ended October 31, 2023, each member of the Board of Directors attended at least 75% of the meetings of the Board of Directors and of the Board committees on which they served.

Board Age Limitation Policy

In December 2020, the Board adopted a policy that no individual shall be eligible to be nominated by the Board of Directors for election or re-election as a member of the Board if, at the time of the nomination, the individual has attained the age of 75 years.

Board Committees

During fiscal 2023, the Board of Directors maintained four committees: the Compensation Committee, the Audit Committee, the Nominating and Corporate Governance Committee, and the Strategic Planning and Capital Allocation Committee. The Strategic Planning and Capital Allocation Committee was dissolved in November 2023, as the Board determined that it would maintain the responsibilities previously delegated to the committee.

The Audit Committee meets periodically with the Company's management and independent registered public accounting firm to, among other things, review the results of the annual audit and quarterly reviews and discuss the financial statements. The Audit Committee also hires the independent registered public accounting firm, and receives and considers the accountant's comments as to controls, adequacy of staff and management performance and procedures. The Audit Committee is also authorized to review related party transactions for potential conflicts of interest and to conduct internal investigations into whistleblower complaints, and to oversee the Company's cybersecurity risk, policies and procedures. During fiscal 2023, the Audit Committee was composed of Mr. Garland (Chair), Ms. Cefali, and Mr. Cohenour, with Mr. Cohenour resigning from Board and all committees thereof effective as of October 31, 2023. Mr. Holdsworth replaced Mr. Cohenour as a member of the Audit Committee upon his resignation. Each of the current members of the Audit Committee is a non-employee director and is independent as defined under the NASDAQ Stock Market's listing standards. In addition, each of the members of the Audit Committee has significant knowledge of financial matters, and Messrs. Garland is and Cohenour was, during the time of his service on the Audit Committee, an "audit committee financial expert." The Audit Committee met five times during fiscal 2023.

The Compensation Committee currently consists of Ms. Cefali (Chair), Mr. Garland, Mr. Holdsworth, and Ms. Tidwell, each of whom is a non-employee director and is independent as defined under the NASDAQ Stock Market's listing standards. During fiscal 2022, Marvin Fink served on the Compensation Committee until he resigned as a director as of September 6, 2022, and Ms. Tidwell was appointed to the Compensation Committee on September 8, 2022. The Compensation Committee is responsible for considering and recommending to the Board the compensation arrangements for senior management. As part of its other responsibilities, the Compensation Committee provides general oversight of our compensation structure and, if deemed necessary, retains and approves the terms of the retention of compensation consultants and other compensation experts. Other specific duties and responsibilities of the Compensation Committee include reviewing the performance of executive officers; reviewing and approving objectives relevant to executive officer compensation; recommending equity-based and incentive compensation plans; and recommending compensation policies and practices for service on our Board of Directors and its committees and for the Chair of our Board of Directors. The Compensation Committee works primarily with our Chief Executive Officer to gather internal data and solicit management's recommendations regarding compensation. However, the Compensation Committee determines the compensation for each of our individual officers outside the presence of the affected officer. The Compensation Committee also advises and consults with other non-executive board members as it determines appropriate regarding compensation issues. The Compensation Committee held seven meetings during fiscal 2023.

The Nominating and Corporate Governance Committee is responsible for developing and recommending corporate governance guidelines to the Board, identifying qualified individuals to become directors, recommending selected nominees to serve on the Board, and performing and overseeing the annual evaluation of the Board and its committees. The Nominating and Corporate Governance Committee currently consists of Ms. Tidwell (Chair), Mr. Holdsworth, and Ms. Cefali, each of whom is a non-employee director and is independent as defined under the NASDAQ Stock Market's listing standards. During fiscal 2022 Mr. Fink served on the Committee until he resigned as a director as of September 6, 2022 and Ms. Tidwell joined as of September 8, 2022. The Nominating and Corporate Governance Committee held seven meetings during fiscal 2023.

The Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, each operate pursuant to a written charter, which charters are available on our website on www.rfindustries.com.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics (the "Code") that applies to all of our Directors, officers and employees, including its principal executive officer and principal financial officer. The Code is posted on our website at www.rfindustries.com. We intend to disclose any amendments to the Code by posting such amendments on its website. In addition, any waivers of the Code for Directors or executive officers of the Company will be disclosed in a report on Form 8-K.

ITEM 11. EXECUTIVE COMPENSATION

The following table discloses the compensation awarded to, earned by, paid to or accrued to our named executive officers for services rendered to us for the years ended October 31, 2023 and 2022.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Severance (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(4)	Total (\$)
Robert D. Dawson										
President and Chief Executive Officer and Director (1)	2023	443,333	-	-	177,863 (5)	204,240 (5)	- (11)	-	69,231	894,667
	2022	435,000	-	-	165,898 (6)	179,250 (6)	243,687 (12)	-	58,405	1,082,240
Peter Yin										
Chief Financial Officer (2)	2023	283,333	-	-	63,525 (7)	72,942 (7)	- (11)	-	35,803	455,603
	2022	275,000	-	-	59,248 (7)	166,446 (8)	102,713 (12)	-	45,362	648,769
Ray Bibisi										
Chief Operating Officer (3)	2023	218,333	-	-	30,493	35,012 (9)	- (11)	-	24,799	308,637
	2022	210,000	-	-	28,440 (9)	30,728(10)	78,435 (12)	-	17,202	364,805

- (1) Effective January 10, 2022, Mr. Dawson’s annual salary increased to \$435,000, and effective January 11, 2023, his annual salary increased to \$443,333.
- (2) Effective January 10, 2022, Mr. Yin’s annual salary increased to \$275,000, and effective January 11, 2023, his annual salary increased to \$283,333.
- (3) Effective May 13, 2022, Mr. Bibisi was appointed Chief Operating Officer, effective January 11, 2022, his annual salary increased to \$210,000, and effective January 10, 2023, his annual salary increased to \$218,333.
- (4) Represents accrued vacation.
- (5) On January 11, 2023, Mr. Dawson was granted 31,818 shares of restricted stock valued at \$173,749 and options to purchase 63,636 shares of common stock at an exercise price of \$5.46 (the closing price of the Company’s common stock on the date of grant) valued at \$204,240.
- (6) On January 10, 2022, Mr. Dawson was granted 23,333 shares of restricted stock valued at \$165,898 and options to purchase 46,667 shares of common stock at an exercise price of \$7.11 (the closing price of the Company’s common stock on the date of grant) valued at \$179,250.
- (7) On January 11, 2023, Mr. Yin was granted 11,364 shares of restricted stock valued at \$62,055 and options to purchase 22,727 shares of common stock at an exercise price of \$5.46 (the closing price of the Company’s common stock on the date of grant) valued at \$72,942.
- (8) On January 10, 2022, Mr. Yin was granted 8,333 shares of restricted stock valued at \$59,248 and options to purchase 43,334 shares of common stock at an exercise price of \$7.11 (the closing price of the Company’s common stock on the date of grant and consisting of an annual grant of 16,667 options and a special one-time grant of 26,667 options) valued at \$166,446.
- (9) On January 11, 2023, Mr. Bibisi was granted 5,455 shares of restricted stock valued at \$29,788 and options to purchase 10,909 shares of common stock at an exercise price of \$5.46 (the closing price of the Company’s common stock on the date of grant) valued at \$35,012.
- (10) On January 10, 2022, Mr. Bibisi was granted 4,000 shares of restricted stock valued at \$28,440 and options to purchase 8,000 shares of common stock at an exercise price of \$7.11 (the closing price of the Company’s common stock on the date of grant) valued at \$30,728.
- (11) On March 9, 2023, the Board adopted an incentive compensation plan for officers (including the named executive officers) and senior managers of the Company pursuant to which officers and managers were entitled to cash bonuses based upon (i) the Company’s achievement of specified corporate goals and (ii) the satisfaction of subjective personal performance and contribution goals established for that participant. The personal bonus target for Mr. Dawson was 75% and Mr. Yin and Mr. Bibisi was 50% of their respective annual base salaries. The Board determined that each of these officers did not achieve the established goals, and therefore did not earn a bonus of their respective salary for the fiscal year ended October 31, 2023.
- (12) On January 10, 2022, the Board adopted an incentive compensation plan for officers (including the named executive officers) and senior managers of the Company pursuant to which officers and managers were entitled to cash bonuses based upon (i) the Company’s achievement of specified corporate goals and (ii) the satisfaction of subjective personal performance and contribution goals established for that participant. The personal bonus target for Mr. Dawson was 75% and Mr. Yin and Mr. Bibisi was 50% of their respective annual base salaries. The Board determined that each of these officers achieved 75% of the established goals, and therefore Mr. Dawson earned approximately 56% and Mr. Yin and Mr. Bibisi each earned a bonus of approximately 37.4% of their respective salary for the fiscal year ended October 31, 2022.

2023 Option Grants

On January 11, 2023, we granted incentive stock options to Mr. Dawson for the purchase of 63,636 shares, Mr. Yin for the purchase of 22,727 shares, and Mr. Bibisi for the purchase of 10,909 shares. The options vest over four years as follows: (i) one-quarter of the options shall vest on January 10, 2024; and (ii) the remaining options shall vest in twelve equal quarterly installments over the next three years, commencing with the first quarter following January 10, 2024. All incentive stock options expire 10 years from the date of grant. No other options were granted to the named executive officers during the year ended October 31, 2023.

Holdings of Previously Awarded Equity

Equity awards held as of October 31, 2023 by each of our named executive officers were issued under our 2020 Equity Incentive Plan and 2010 Stock Incentive Plan. The following table sets forth outstanding equity awards held by our named executive officers as of October 31, 2023:

Outstanding Equity Awards As Of October 31, 2023

Name	Option Awards					Option Exercise Price (\$)	Option Expiration Date
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)				
Robert D. Dawson	25,000.00		-			1.90	7/17/2027
	39,375.00		2,625.00	(1)		6.40	1/9/2030
	28,875.00		13,125.00	(2)		4.98	1/12/2031
	50,000.00		-			8.69	7/16/2031
	20,418.00		26,249.00	(3)		7.11	1/10/2032
	-		63,636.00	(4)		5.46	1/11/2033
Peter Yin	24,000.00		32,000.00	(5)		2.40	12/13/2027
	3,283.00		469.00	(6)		6.40	1/9/2030
	6,875.00		3,125.00	(2)		4.98	1/12/2031
	18,958.00		24,376.00	(3)		7.11	1/10/2032
	-		22,727.00	(4)		5.46	1/11/2033
Ray Bibisi	40,000.00		10,000.00	(7)		6.74	1/6/2030
	9,375.00		625.00	(8)		6.40	1/9/2030
	5,157.00		2,343.00	(2)		4.98	1/12/2031
	3,500.00		4,500.00	(3)		7.11	1/10/2032
	-		10,909.00	(4)		5.46	1/11/2033

- (1) Vests in installments of 2,625 shares per quarter.
- (2) Vests over four years as follows: (i) one-quarter shall vest on January 12, 2022; and (ii) the remaining options shall vest in twelve equal quarterly installments over the next three years, commencing with the first quarter following January 12, 2022.
- (3) Vests over four years as follows: (i) one-quarter shall vest on January 10, 2023; and (ii) the remaining options shall vest in twelve equal quarterly installments over the next three years, commencing with the first quarter following January 10, 2023.
- (4) Vests over four years as follows: (i) one-quarter shall vest on January 11, 2024; and (ii) the remaining options shall vest in twelve equal quarterly installments over the next three years, commencing with the first quarter following January 11 2024.
- (5) Vests as to 8,000 shares annually following grant on December 13, 2017.
- (6) Vests in installments of 469 shares per quarter.
- (7) Vests as to 10,000 shares annually following grant on January 6, 2020.
- (8) Vests in installments of 625 shares per quarter.

During the fiscal year ended October 31, 2023, we did not adjust or amend the exercise price of stock options awarded to the named executive officers.

Employment Agreements; Incentive Plan; Change of Control Arrangements

Employment Agreements

Robert Dawson. On July 16, 2021, the Company entered into an employment agreement (the “CEO Employment Agreement”) with Robert D. Dawson, pursuant to which he continues to serve as the Company’s President and Chief Executive Officer. The CEO Employment Agreement became effective on July 17, 2021 and replaced Mr. Dawson’s prior employment agreement that expired on July 17, 2021. The initial term of the CEO Employment Agreement ends on January 31, 2023, after which the CEO Employment Agreement shall automatically renew for additional one (1) year periods, unless either Mr. Dawson or the Company provides the other party with written notice of non-renewal at least ninety (90) days prior to the date of automatic renewal.

Under the CEO Employment Agreement, the Company agreed to pay Mr. Dawson an annual base salary of \$425,000. Mr. Dawson will also be eligible to participate in the Company’s annual bonus plan, pursuant to which he will have the opportunity to earn a year-end bonus equal to fifty percent (50%) of his annual base salary. Under the CEO Employment Agreement, if Mr. Dawson’s employment is terminated by the Company for any reason other than for “cause”, the Company is obligated to Mr. Dawson for (x) an amount equal to one year’s base salary as in effect at such time, and (y) the estimated pro rata portion of his target bonus that was earned through the date of termination, and the vesting period of all of Mr. Dawson’s unvested stock options and all unvested time-based restricted stock grants will automatically be fully accelerated as of the termination date. The foregoing provisions will not apply if Mr. Dawson voluntarily terminates his employment with the Company or is terminated for cause. Mr. Dawson’s annual base salary for fiscal year 2023 was \$445,000.

Also, effective July 17, 2021, Mr. Dawson received a fully vested, ten-year immediately exercisable stock option to purchase 50,000 shares of the Company’s common stock. The exercise price of this option is \$8.69, which was the closing price on the date of the CEO Employment Agreement. The CEO Employment Agreement also provided that the vesting schedule of the remaining unvested portion of an option that was granted to him in 2017 was revised. On July 17, 2017, Mr. Dawson received stock options to purchase 100,000 shares of the Company’s common stock (the “2017 Option”). The award has an exercise price of \$1.90 and vests as to 10,000 shares per year on each anniversary of July 17, 2017 (with 10,000 shares having vested on July 17, 2017) while he is employed by the Company. As of July 17, 2021, 50,000 shares remained unvested under the 2017 Option. Under the revised vesting schedule, provided Mr. Dawson is still employed by the Company, 25,000 shares of those unvested options under the 2017 Option vested on July 17, 2022, and the remaining 25,000 shares will vest on July 17, 2023.

Upon a Change of Control Transaction (as defined in the CEO Employment Agreement), all of Mr. Dawson’s time-based stock options and shares of restricted stock shall immediately vest, whether or not his employment is terminated. If, at the time of a Change of Control Transaction, Mr. Dawson’s employment is terminated by the Company for any reason other than cause (as defined in the CEO Employment Agreement), Mr. Dawson will be entitled to receive a change of control cash payment in an amount equal to 12 months of his base salary.

Peter Yin. Mr. Yin was promoted to Chief Financial Officer on January 12, 2021. Mr. Yin is currently employed on an at-will basis without written employment agreement. Mr. Yin’s annual base salary for the fiscal year 2023 was \$285,000.

Ray Bibisi. Mr. Bibisi was appointed to Chief Operating Officer in May 2022 and is currently employed on an at-will basis without written employment agreement. Mr. Bibisi’s annual base salary for fiscal year 2023 was \$220,000.

Adoption of Fiscal Year 2023 Management Incentive Equity and Cash Compensation Plan

On January 10, 2022, the Board adopted an annual incentive compensation plan for officers (including the Company’s named executive officers) and certain senior managers of the Company and its subsidiaries for the fiscal year ended October 31, 2023 (the “2022 Compensation Plan”). Under the 2022 Compensation Plan, each participant (i) received an equity award as a long-term incentive, and (ii) is eligible to receive a cash payment after the end of the fiscal year as a short-term incentive.

Equity Awards. In order to provide long term incentives to the Company’s officers and managers, on January 11, 2023, the Board granted participating officers and managers shares of restricted stock and options to purchase the Company’s common stock pursuant to the Company’s 2020 Equity Incentive Plan. Provided the participating officer or manager is still employed with the Corporation or its subsidiaries on the following dates, the shares of restricted stock and the options shall vest over four years as follows: (i) one-quarter of the restricted shares and options shall vest on January 11, 2024; and (ii) the remaining restricted shares and options shall vest in twelve equal quarterly installments over the next three years, commencing with the first quarter following January 11, 2024. The options have a ten-year term and an exercise price of \$5.46 per share (which was the closing price of the Company’s common stock on the date of grant).

Mr. Dawson, the Company’s Chief Executive Officer and President, was granted 31,818 shares of restricted stock and options to purchase 63,636 shares of common stock at an exercise price of \$5.46 per share (the closing price of the Company’s common stock on the date of grant); Mr. Yin, the Company’s Chief Financial Officer, was granted 11,364 shares of restricted stock and options to purchase 22,727 shares of common stock at an exercise price of \$5.46 per share; and Mr. Bibisi, the Company’s Chief Operating Officer, was granted 5,455 shares of restricted stock and options to purchase 10,909 shares of common stock at an exercise price of \$5.46 per share.

Cash Incentives. Under the 2023 Compensation Plan, cash incentive bonuses, if any, will be paid to certain officers and senior managers based upon (i) the Company’s achievement of specified financial goals and (ii) the Board’s discretionary review of each participant’s performance during fiscal 2023. The corporate goals will apply equally to all participating officers and managers. The subjective performance of each officer will be evaluated and determined by the Compensation Committee, in its sole discretion, after consultation with the Company’s Chief Executive Officer.

The minimum, target and maximum cash bonus payable to the Chief Executive Officer is, respectively, 0%, 75% and 112.5% of his annual base salary, depending on achievement of the specified goals. For the other participants, the minimum bonus is 0%, the target bonuses range from 15% to 50% of base pay, and the maximum cash bonus payable ranges from 22.5% to 75% of the recipient’s fiscal 2022 annual base salary. Bonuses will be weighted and based on (i) the Company’s achievement of certain fiscal 2022 revenues (weighted 30%), (ii) fiscal 2022 adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) (weighted 60%), and (iii) a subjective evaluation of each individual’s performance (weighted 10%). The calculation of adjusted EBITDA will exclude the impact of one-time charges related to any business acquisitions or dispositions effected during the year, severance payments, moving costs, the impact of the Federal Paycheck Protection Program loans the Company has received, earn-out payments or reversals, other non-recurring items, executive bonus payments and equity compensation expenses accrued to management. The Board and the Compensation Committee reserve the right to modify these goals, criteria and target percentage at any time, and to grant bonuses to the participants even if the performance goals are not met. In addition, the Board and Compensation Committee may modify the bonus plan targets to reflect significant changes in Company’s business, including changes due to acquisitions or dispositions of businesses or product lines. The 2023 bonuses will be paid within 75 days after the end to the fiscal year to participating officers and managers who are employed with the Company or its subsidiaries on the date of payment.

Change of Control Arrangements

As described in “Employment Agreements; Incentive Plan; Change of Control Arrangements--Employment Agreements--Robert Dawson,” above, Mr. Dawson is entitled to a cash payment and the acceleration of the vesting of certain of his options upon a Change of Control Transaction (as defined in his current employment agreement).

The outstanding stock options currently owned by the Company’s principal officers (including Messrs. Dawson, Yin and Bibisi) and division managers provide that, immediately prior to a change of control (as defined), all unvested stock options will become fully vested and exercisable. In addition, the shares of restricted stock granted to each of the non-executive directors for his/her services to be rendered during the current year, shall also become fully vested upon a change of control event.

The Company has no other change of control payment agreements that are currently in effect.

Compensation of Directors

Under the compensation policies adopted by the Compensation Committee, directors who also are officers and/or employees of the Company do not receive any compensation for serving on the Board. On September 8, 2022, the Board determined that the compensation payable to directors as Board fees for the next year ending with the 2023 annual meeting of stockholders will be \$90,000 (\$40,000 in cash and \$50,000 in restricted stock). In addition, effective September 8, 2022, the Board determined that additional chair fees and committee member fees would be paid in cash as follows:

	Chair	Member	
Board	\$	25,000	
Audit Committee	\$	8,000	\$ 5,000
Compensation Committee	\$	6,000	\$ 5,000
Nominating and Corporate Governance Committee	\$	4,000	\$ 4,000
Strategic Planning and Capital Allocation Committee	\$	4,000	\$ 4,000

The restricted stock fees vest on the earlier of (i) one year from the date of grant, or (ii) the Company’s next annual meeting of stockholders. The number of restricted shares granted to each director was 7,485 determined by dividing the amount of the fee by the closing price of the Company’s common stock from the date of grant (\$6.68). Accordingly, on September 8, 2022, Mr. Holdsworth, Ms. Cefali, Mr. Cohenour, Mr. Garland, and Ms. Tidwell were each granted 7,485 shares of restricted stock. The cash fees vests in four equal quarterly installments paid in arrears commencing November 1, 2022.

DIRECTOR COMPENSATION FOR 2023

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Option Awards	All Other Compensation	Total
Sheryl Cefali	\$ 62,418	\$ 50,000	\$ -	\$ -	\$ 112,418
Jason Cohenour (2)	\$ 50,582	\$ 50,000	\$ -	\$ -	\$ 100,582
Gerald Garland	\$ 62,000	\$ 50,000	\$ -	\$ -	\$ 112,000
Mark Holdsworth	\$ 80,418	\$ 50,000	\$ -	\$ -	\$ 130,418
Kay Tidwell	\$ 50,582	\$ 50,000	\$ -	\$ -	\$ 100,582

(1) On September 6, 2023, Ms. Cefali, Mr. Cohenour, Mr. Garland, Mr. Holdsworth, and Ms. Tidwell were each granted 13,333 shares of restricted stock as part of the Initial Director Grant. The number of restricted shares granted to each director pursuant to the Initial Director Grant was determined by dividing the amount of the fee (\$50,000) by closing price of the Company's common stock from the date of grant (\$3.75). Mr. Holdsworth, Ms. Cefali, Mr. Garland, and Ms. Tidwell were each granted 6,756 shares of restricted stock as part of the Second Director Grant. The number of restricted shares granted to each director pursuant to the Second Director Grant was determined by dividing the amount of the reallocated \$20,000 fee by the closing price of the Company's common stock on the date of grant (\$2.96).

(2) Effective October 31, 2023, Mr. Cohenour resigned from the Board of Directors.

On September 6, 2023, the Board determined that the compensation payable to directors as Board fees for the next year ending with the 2024 annual meeting of stockholders will be \$90,000 (\$40,000 in cash and \$50,000 in restricted stock). On October 30, 2023, in an effort to conserve cash of the Company, the Board approved the reallocation of \$20,000 in cash compensation to instead be reallocated to restricted stock thereby providing for \$20,000 in annual cash compensation and \$70,000 in restricted stock ("Director Compensation Reallocation"). In addition, effective September 6, 2023, the Board determined that additional chair fees and committee member fees would be paid in cash as follows:

	Chair	Member
Board	\$ 15,000*	
Audit Committee	\$ 8,000	\$ 5,000
Compensation Committee	\$ 6,000	\$ 5,000
Nominating and Corporate Governance Committee	\$ 4,000	\$ 4,000

*The Chairperson of the Board agreed to reduce his chair fee from \$25,000 to \$15,000 subject to potential reinstatement of the \$25,000 as determined at the discretion of the Board during fiscal year 2024.

Based on the reallocation of cash compensation to equity compensation, the Company made two restricted stock grants to the directors as part of their Board equity fees. On September 6, 2023, Mr. Holdsworth, Ms. Cefali, Mr. Cohenour, Mr. Garland, and Ms. Tidwell were each granted 13,333 shares of restricted stock ("Initial Director Grant"), which was determined by dividing the \$50,000 fee by the closing price of the Company's common stock on the date of grant (\$3.75). The restricted stock fees for the Initial Director Grant vests on the earlier of (i) one year from the date of grant, or (ii) the Company's next annual meeting of stockholders. Mr. Holdsworth, Ms. Cefali, Mr. Garland, and Ms. Tidwell were each granted 6,756 shares of restricted stock ("Second Director Grant"), which was determined by dividing the amount of the reallocated \$20,000 fee by the closing price of the Company's common stock on the date of grant (\$2.96). The restricted stock fees for the Second Director Grant vests in four (4) equal installments beginning on January 31, 2024 and quarterly thereafter until fully vested.

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

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the ownership of the Company's Common Stock as of January 23, 2024 for: (i) each director; (ii) the Company's named executive officers; (iii) all executive officers and directors of the Company as a group; and (iv) all those known by the Company to be beneficial owners of more than 5% of the Common Stock. As of January 23, 2024, there were 10,343,223 shares of Common Stock issued and outstanding.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned ⁽¹⁾	Percentage Beneficially Owned
Mark K. Holdsworth	808,839	7.8%
Robert D. Dawson	314,883 (2)	3.0%
Gerald T. Garland	127,771 (3)	1.2%
Peter Yin	123,824 (4)	1.2%
Ray Bibisi	73,404 (5)	*
Sheryl Cefali	62,359 (6)	*
Kay L. Tidwell	27,574	*
All Directors and Officers as a Group (7 Persons)	1,538,654 (7)	14.6%
Greater than 5% stockholders		
Hytek International, Ltd 9642 Penshurst Trace Charlotte, North Carolina 28210	752,935 (8)	7.3%
Punch & Associates Investment Management, Inc. 7701 France Ave. So., Suite 300 Edina, MN 55435	597,650 (9)	5.8%
Renaissance Technologies LLC 800 Third Avenue New York, New York 10022	534,008 (10)	5.2%

* Less than 1%

- (1) Shares of common stock that could be acquired by a beneficial owner upon exercise of an option within 60 days from October 31, 2023 are considered outstanding for the purpose of computing the percentage of shares beneficially owned by such owner, but are not considered to be outstanding for any other purpose.
- (2) Includes 103,875 shares that Mr. Dawson has the right to acquire upon exercise of options.
- (3) Includes 7,203 shares that Mr. Garland has the right to acquire upon exercise of options.
- (4) Includes 38,875 shares that Mr. Yin has the right to acquire upon exercise of options.
- (5) Includes 56,093 shares that Mr. Bibisi has the right to acquire upon exercise of options.
- (6) Includes 3,082 shares that Ms. Cefali has the right to acquire upon exercise of options
- (7) Includes 209,128 shares that the directors and officers have the right to acquire upon exercise of options.

(8) Based on the list of record holders maintained by the Company’s transfer agent and representation from Hytek International Ltd.’s representatives.

(9) Based on a Schedule 13G/A filed with the SEC by Punch & Associates Investment Management, Inc. on February 13, 2023.

(10) Based on a Schedule 13G/A jointly filed with the SEC by Renaissance Technologies LLC and Renaissance Technologies Holdings Corporation on February 13, 2023.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of October 31, 2023 with respect to the shares of Company common stock that may be issued under the Company’s existing equity compensation plans:

Plan Category	A	B	C
	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A)
2010 Equity Incentive Plan	145,001	\$ 6.94	-
2020 Equity Incentive Plan	541,961	\$ 5.58	916,369
Total	686,962	\$ 5.05	916,369

(1) The RF Industries, Ltd. 2010 Stock Incentive Plan expired on March 8, 2020. Accordingly, additional equity incentive awards cannot be granted under this plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

None.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

The following is a summary of the fees billed to the Company by CohnReznick LLP, the Company’s independent registered public accounting firm, for professional services rendered related to the fiscal years ended October 31, 2023 and 2022:

Fee Category	2023	2022
Audit Fees	\$ 390,918	\$ 265,635
Audit-Related Fees	-	-
Tax Fees	-	-
All Other Fees	-	86,625
Total Fees	\$ 390,918	\$ 352,260

Audit Fees. Consists of fees billed for professional services rendered for the audit of the Company’s annual financial statements and review of the interim financial statements included in quarterly reports and services that are normally provided by CohnReznick LLP in connection with statutory and regulatory filings or engagements.

Audit-Related Fees. Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit and review of the Company’s financial statements and are not reported under “Audit Fees.” We did not incur such audit-related fees from CohnReznick LLP during fiscal 2023 and 2022.

Tax Fees. Includes fees associated with tax compliance at international locations, domestic and international tax advice and planning and assistance with tax audits and appeals.

All Other Fees. Includes the aggregate fees recognized for professional services provide by CohnReznick LLP, other than those services described above, including services related to other permissible advisory services.

Pre-Approval Policies and Procedures

The Audit Committee is required to review and approve the proposed retention of independent auditors to perform any proposed auditing and non-auditing services as outlined in its charter. The Audit Committee has not established policies and procedures separate from its charter concerning the pre-approval of auditing and non-auditing related services. As required by Section 10A of the Exchange Act, our Audit Committee has authorized all auditing and non-auditing services provided by CohnReznick LLP during 2023 and 2022 and the fees paid for such services.

ITEM 15. EXHIBITS

The Company's consolidated financial statements and related notes thereto are listed and included in this Annual Report on Form 10-K beginning on page F-1. The following exhibits are filed as part of this Annual Report:

- 3.1 [Amended and Restated Articles of Incorporation \(previously filed as an exhibit to the Company's Form 8-K, dated August 31, 2012, which exhibit is incorporated herein by reference\)](#)
- 3.2 [Amended and Restated Bylaws \(previously filed as an exhibit to the Company's Form 10-Q, for the quarterly period ended April 30, 2023, which exhibit is incorporated herein by reference\)](#)
- 4.1 [Description of Registrant's Securities \(as previously filed as an exhibit to the Company's Form 10-K for the year ended October 31, 2022, which exhibit is incorporated herein by reference\)](#)
- 10.1 [Multi-Tenant Industrial Gross Lease, effective March 31, 2009, between RF Industries, Ltd. and Walton CWCA Miramar GL 74, LLC regarding the Company's facilities in San Diego \(previously filed as an exhibit to the Company's Form 10- K for the year ended October 31, 2009, which exhibit is incorporated herein by reference\)](#)
- 10.2 [Second Amendment to Lease, dated August 25, 2009, to Multi-Tenant Industrial Gross Lease, effective March 31, 2009, between RF Industries, Ltd. and Walton CWCA Miramar GL 74, LLC \(previously filed as an exhibit to the Company's Form 10- K for the year ended October 31, 2009, which exhibit is incorporated herein by reference\)](#)
- 10.3 [Single Tenant Commercial Lease, dated June 15, 2011, between K&K and RF Industries, Ltd. regarding the Company's lease in Yaphank, New York \(previously filed as an exhibit to the Company's Form 10- K for the year ended October 31, 2011, which exhibit is incorporated herein by reference\)](#)
- 10.4 [Form of 2010 Stock Incentive Plan \(previously filed as an exhibit to the Company's Registration Statement on Form S-8, filed on September 20, 2010, which exhibit is incorporated herein by reference\)](#)
- 10.5 [Form of Stock Option Agreement for the Company's 2010 Stock Incentive Plan \(previously filed as an exhibit to the Company's Registration Statement on Form S-8, filed on September 20, 2010, which exhibit is incorporated herein by reference\)](#)
- 10.6 [Stock Purchase Agreement, dated January 20, 2014, between RF Industries, Ltd. and Robert A. Portera \(previously filed as an exhibit to the Company's Form 8-K, dated January 21, 2015, which exhibit is incorporated herein by reference\)](#)
- 10.7 [Stock Purchase Agreement, dated June 5, 2015, between RF Industries, Ltd., Rel-Tech Electronics, Inc., and the Shareholders. \(previously filed as an exhibit to the Company's Form 8-K, dated June 5, 2015, which exhibit is incorporated herein by reference\)](#)
- 10.8 [Multi-Tenant Industrial Gross Lease, effective December 1, 2007, between Rel-Tech Electronics, Inc. and D'Amato Investments, LLC regarding the Company's lease in Milford, CT, as amended to date \(previously filed as an exhibit to the Company's Form 8-K, dated May 1, 2014, which exhibit is incorporated herein by reference\)](#)
- 10.9 [Multi-Tenant Industrial Gross Lease, effective January 12, 2012, between Comnet Telecom Supply Inc. and EB3, LLC regarding the Company's lease in East Brunswick, NJ \(previously filed as an exhibit to the Company's Form 8-K, dated May 1, 2014, which exhibit is incorporated herein by reference\)](#)
- 10.10 [Third Amendment To Lease, by and between Icon Miramar Owner Pool 2 West/Northeast/Midwest, LLC and the Company, dated April 17, 2014 \(previously filed as an exhibit to the Company's Form 8-K, dated May 1, 2014, which exhibit is incorporated herein by reference\)](#)
- 10.11 [Fourth Amendment To Lease, by and between Icon Miramar Owner Pool 2 West/Northeast/Midwest, LLC and the RF Industries, Ltd., dated January 26, 2017 \(previously filed as an exhibit to the Company's Form 10-K for the year ended October 31, 2016, which exhibit is incorporated herein by reference\)](#)

- 10.12 [Fifth Amendment To Lease, by and between Icon Miramar Owner Pool 2 West/Northeast/Midwest, LLC and the RF Industries, Ltd., dated June 5, 2017 \(previously filed as an exhibit to the Company's Form 8-K, dated June 21, 2017, which exhibit is incorporated herein by reference\)](#)
- 10.13 [Amendment To Lease, by and between K & K Unlimited and Cables Unlimited, Inc., dated June 9, 2017 \(previously filed as an exhibit to the Company's Form 8-K, dated June 9, 2017, which exhibit is incorporated herein by reference\)](#)
- 10.14 [Fifth Amendment To Lease, by and between Icon Kimberly Alvin Property, LLC and Comnet Telecom Supply, Inc., dated June 19, 2017 \(previously filed as an exhibit to the Company's Form 8-K, dated June 9, 2017, which exhibit is incorporated herein by reference\)](#)
- 10.15 [Lease Agreement by and between D'Amato Investments, LLC and Rel-Tech Electronics, Inc., dated July 25, 2017 \(previously filed as an exhibit to the Company's Form 8-K, dated July 28, 2017, which exhibit is incorporated herein by reference\)](#)
- 10.16 [Form of Indemnification Agreement \(previously filed as an exhibit to the Company's Form 8-K, dated September 12, 2017, which is incorporated herein by reference\)#](#)
- 10.17 [Amendment To Lease, by and between K & K Unlimited and Cables Unlimited, Inc., dated June 6, 2018 \(previously filed as an exhibit to the Company's Form 8-K, dated June 6, 2018, which exhibit is incorporated herein by reference\)](#)
- 10.18 [Stock Purchase Agreement between RF Industries, Ltd. and RAP Acquisition Inc., dated October 31, 2018 \(previously filed as an exhibit to the Company's Form 8-K, dated October 31, 2018, which exhibit is incorporated herein by reference\)](#)
- 10.19 [Option Agreement Amendment - 2010 Stock Incentive Plan \(previously filed as an exhibit to the Company's Form 10-K for the year ended October 31, 2018, which exhibit is incorporated herein by reference\)#](#)
- 10.20 [Stock Purchase Agreement between RF Industries, Ltd., DRC Technologies, Inc. and Stockholders of DRC Technologies, Inc., dated November 4, 2019 \(previously filed as an exhibit to the Company's Form 8-K, dated November 5, 2019, which exhibit is incorporated herein by reference\)](#)
- 10.21 [2020 Equity Incentive Plan \(previously filed as an exhibit to the Company's Registration Statement on Form S-8, filed on September 14, 2020, which exhibit is incorporated herein by reference\)](#)
- 10.22 [2021 Corporate Goals – Cash and Equity Incentive Plan, dated January 12, 2021 \(previously filed as a Form 8-K, dated January 19, 2021, which is incorporated herein by reference\)#](#)
- 10.23 [2022 Corporate Goals -- Management Incentive Equity and Cash Compensation Plan, dated January 14, 2022 \(previously filed as a Form 8-K, dated January 14, 2022, which is incorporated herein by reference\)#](#)
- 10.24 [Amendment To Lease, by and between K&K Unlimited and Cables Unlimited, Inc., dated June 30, 2021 \(previously filed as an exhibit to the Company's Form 8-K, filed on July 2, 2021, which exhibit is incorporated herein by reference\)](#)
- 10.25 [Employment Agreement, dated July 16, 2021, by and between RF Industries, Ltd. and Robert D. Dawson \(previously filed as an exhibit to the Company's Form 8-K, dated July 20, 2021, which exhibit is incorporated herein by reference\)#](#)
- 10.26 [Membership Interest Purchase Agreement dated as of December 16, 2021 by and among RF Industries, Ltd., Wireless Telecom Group, Inc., and Microlab/FXR LLC \(previously filed as an exhibit to the Company's Form 8-K, filed December 17, 2021, which exhibit is incorporated herein by reference.\)](#)
- 10.27 [AIRCRES Standard Industrial/Commercial Single-Tenant Lease – Net by and between RF Industries, Ltd. and Sorrento West Properties, Inc., dated February 1, 2022, together with addenda thereto \(previously filed as an exhibit to the Company's Form 8-K, dated February 7, 2022, which exhibit is incorporated herein by reference\)](#)
- 10.28 [Loan Agreement dated as of February 25, 2022, between Bank of America, N.A. and RF Industries, Ltd. \(previously filed as an exhibit to the Company's Form 8-K, dated March 2, 2022, which exhibit is incorporated herein by reference\)](#)
- 10.29 [Sixth Amendment to Lease, by and between RF Industries, Ltd. and 7550 Miramar LLC, dated March 1, 2022 \(previously filed as an exhibit to the Company's Form 8-K, dated March 16, 2022, which exhibit is incorporated herein by reference\)](#)
- 10.30 [Lease by and between RF Industries, Ltd. and Monarch Owner LLC, dated October 19, 2022, together with addenda thereto, for the property at 300 Interpace Parkway, Suite B100, Parsippany, New Jersey 07054 \(previously filed as an exhibit to the Company's Form 8-K, dated October 20, 2022, which exhibit is incorporated herein by reference\)](#)

10.31	<u>Lease by and between RF Industries, Ltd. and Monarch Owner LLC, dated October 19, 2022, together with addenda thereto, for the property at 300 Interpace Parkway, Suite B200, Parsippany, New Jersey 07054 (previously filed as an exhibit to the Company's Form 8-K, dated October 20, 2022, which exhibit is incorporated herein by reference)</u>
10.32	<u>First Amendment to Lease, dated October 31, 2022 by and between RF Industries, Ltd. and Sorrento West Properties, Inc. (previously filed as an exhibit to the Company's Form 10-K for the year ended October 31, 2022, which exhibit is incorporated herein by reference)</u>
10.33	<u>Third Amendment to Lease, dated July 11, 2023, by and between Sorrento West Properties, Inc. and RF Industries, Ltd. (previously filed as an exhibit to the Company's Form 8-K, dated July 13, 2023, which exhibit is incorporated herein by reference)</u>
10.34*	<u>Managed Client Agreement, dated June 27, 2023, between RF Industries, Ltd. and RGN-MCA San Diego II, LLC</u>
10.35	<u>Amendment No. 1 and Waiver to Loan Agreement, dated September 12, 2023, between Bank of America, N.A. and RF Industries, Ltd. (previously filed as an exhibit to the Company's Form 10-Q for the quarterly period ended July 31, 2023, which exhibit is incorporated herein by reference)</u>
10.36	<u>Amendment No. 2 To Loan Agreement, dated January 26, 2024, between Bank of America, N.A. and RF Industries, Ltd.</u>
21.1	<u>List of Subsidiaries</u>
23.1	<u>Consent of Independent Registered Public Accounting Firm CohnReznick LLP</u>
31.1	<u>Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2	<u>Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1**	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350</u>
32.2**	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350</u>
97	<u>RF Industries, Ltd. Policy for Recovery of Erroneously Awarded Incentive Compensation</u>
EX-101.INS	Inline XBRL Instance Document
EX-101.SCH	Inline XBRL Taxonomy Extension Schema
EX-101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
EX-101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
EX-101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
EX-101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
EX-104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101 attachments)

Indicates a management contract or compensatory plan or arrangement.

* Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

** This certification is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that RF Industries, Ltd. specifically incorporates it by reference.

Stockholders of the Company may obtain a copy of any exhibit referenced in this Annual Report on Form 10-K by writing to: Secretary, RF Industries, Ltd., 16868 Via Del Campo Court, Suite 200, San Diego, CA 92127. The written request must specify the stockholder's good faith representation that such stockholder is a stockholder of the Company.

ITEM 16. FORM 10-K SUMMARY

We may voluntarily include a summary of information required by Form 10-K under this Item 16. We have elected not to include such summary information.

RF INDUSTRIES, LTD. AND SUBSIDIARIES

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of RF Industries, Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of RF Industries, Ltd. and Subsidiaries (the “Company”) as of October 31, 2023 and 2022, and the related consolidated statements of operations, stockholders’ equity and cash flows for each of the two years in the period ended October 31, 2023, and the related consolidated notes (collectively referred to as the consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two-year period ended October 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated 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 audit to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) related to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of Going Concern (Note 1 to the Consolidated Financial Statements)

Significant judgment is exercised by the Company in determining whether there is substantial doubt the Company will continue as a going concern. Specifically, the Company’s forecasted cash flows are sensitive to significant assumptions such as projected revenue and projected operating results, all of which are affected by the expected future market or economic conditions, including the residual effects of the global pandemic, and inflation. Given these factors, the related audit effort in evaluating management’s judgments in determining the Company’s ability to continue as a going concern was challenging, subjective, and complex and required a high degree of auditor judgment.

How Our Audit Addressed the Critical Audit Matter

Our audit procedures related to the Company’s assessment of going concern included the following:

- We gained an understanding of and evaluated the design and implementation of the Company’s controls that address the risk of material misstatement related to the consideration of going concern;
- Obtaining an understanding of and evaluating the Company’s process to develop forecasted cash flows, including significant assumptions used in developing forecasted cash flows as well as considering the appropriateness of the underlying data used by the Company in its analyses.
- Evaluating the reasonableness of the Company’s forecasted revenue, operating results, and cash flows by comparing those forecasts to underlying business strategies, including customer relationships and the Company’s ability to obtain new customers, and to historical results.

- Evaluating management’s ability to accurately forecast future cash flows by comparing the Company’s historical forecasted sales, operating results and cash flow forecasts to actual results.

Evaluation of Goodwill and Indefinite Life Intangibles (Notes 1 to the Consolidated Financial Statements)

As disclosed in the consolidated financial statements, the Company tests goodwill and indefinite lived intangibles for impairment at least annually at the reporting unit level using either a qualitative or quantitative approach. Under the quantitative approach to test for goodwill impairment, the Company compares the fair value of a reporting unit to its carrying amount, including goodwill. Generally, the Company estimates the fair value of its reporting units using a combination of a discounted cash flows analysis and market-based valuation methodologies. Similarly, the indefinite lived intangible assets are not amortized but rather are tested by management for impairment at least annually using a relief from royalty model to estimate the fair value as compared to its carrying value.

Significant judgment is exercised by the Company in estimating the fair value of the reporting units for goodwill and the fair value of indefinite lived intangible assets, specifically:

- The fair value estimate of each reporting unit is sensitive to assumptions such as the discount rate, revenue growth rates, and the projected cash flow terminal growth rate.
- The fair value estimates for indefinite lived intangible assets are sensitive to assumptions such as discount rates, revenue growth rates, royalty rates and projected cash flow terminal growth rates.

These assumptions are affected by such factors as expected future market or economic conditions.

Given these factors, auditing management’s quantitative impairment tests for goodwill and indefinite lived intangible assets was challenging, subjective, and complex and required a high degree of auditor judgment.

How Our Audit Addressed the Critical Audit Matter

Our audit procedures related to the fair value of goodwill indefinite lived intangible assets included the following, among others:

- We gained an understanding of and evaluated the design and implementation of the Company’s controls that address the risk of material misstatement related to potential impairment;
- We gained an understanding of the process to estimate future cashflows, including methods, data, and significant assumptions used, in developing the discounted cashflow analysis as well as tested the reasonableness of the underlying data used by the Company in its analyses;
- We evaluated management’s significant accounting policies related to impairment of goodwill and indefinite lived intangible assets for reasonableness;
- We evaluated significant judgments made by management, including the identification of reporting units along with a separate unit to capture the corporate overhead;
- We evaluated management’s projected revenues and cash flows by comparing the projections to the underlying business strategies and growth plans; and
- With the assistance of our firm’s valuation professionals with specialized skills and knowledge in valuation methods and models, we tested the Company’s discounted cash flow models, including certain assumptions including the terminal value and discount rates.

/s/ CohnReznick LLP

We are uncertain as to the year CohnReznick LLP became the Company’s auditor as 1995 is the earliest year of which we have knowledge.

Tysons, Virginia
January 29, 2024

RF INDUSTRIES, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 2023 AND 2022
(In thousands, except share and per share amounts)

	October 31, 2023	October 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,897	\$ 4,532
Trade accounts receivable, net of allowance for doubtful accounts of \$244 and \$126, respectively	10,277	14,812
Inventories	18,730	21,054
Other current assets	2,136	5,849
TOTAL CURRENT ASSETS	36,040	46,247
Property and equipment:		
Equipment and tooling	4,796	4,497
Furniture and office equipment	5,631	3,447
	10,427	7,944
Less accumulated depreciation	5,503	4,771
Total property and equipment, net	4,924	3,173
Operating lease right-of-use assets, net	15,689	13,480
Goodwill	8,085	8,085
Amortizable intangible assets, net	13,595	15,296
Non-amortizable intangible assets	1,174	1,174
Deferred tax assets	2,494	1,816
Other assets	277	295
TOTAL ASSETS	\$ 82,278	\$ 89,566

See Notes to Consolidated Financial Statements.

RF INDUSTRIES, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 2023 AND 2022
(In thousands, except share and per share amounts)

	October 31, 2023	October 31, 2022
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 3,201	\$ 5,652
Accrued expenses	4,572	8,814
Line of credit	1,000	-
Current portion of Term Loan	2,424	2,424
Current portion of operating lease liabilities	1,314	1,887
Income taxes payable	-	759
TOTAL CURRENT LIABILITIES	12,511	19,536
Operating lease liabilities	19,284	15,025
Term Loan, net of debt issuance cost	10,721	13,136
TOTAL LIABILITIES	42,516	47,697
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock - authorized 20,000,000 shares of \$0.01 par value; 10,343,223 and 10,193,287 shares issued and outstanding at October 31, 2023 and 2022, respectively	104	102
Additional paid-in capital	26,087	25,118
Retained earnings	13,571	16,649
TOTAL STOCKHOLDERS' EQUITY	39,762	41,869
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 82,278	\$ 89,566

See Notes to Consolidated Financial Statements.

RF INDUSTRIES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED OCTOBER 31, 2023 AND 2022
(In thousands, except share and per share amounts)

	Twelve Months Ended October 31,	
	2023	2022
Net sales	\$ 72,168	\$ 85,254
Cost of sales	52,631	60,705
Gross profit	19,537	24,549
Operating expenses:		
Engineering	3,151	2,913
Selling and general	20,183	19,448
Total operating expenses	23,334	22,361
Operating (loss) income	(3,797)	2,188
Other expense	(453)	(601)
(Loss) income before (benefit) provision for income taxes	(4,250)	1,587
(Benefit) provision for income taxes	(1,172)	139
Consolidated net (loss) income	\$ (3,078)	\$ 1,448
(Loss) earnings per share:		
Basic	\$ (0.30)	\$ 0.14
Diluted	\$ (0.30)	\$ 0.14
Weighted average shares outstanding:		
Basic	10,283,449	10,120,254
Diluted	10,283,449	10,242,417

See Notes to Consolidated Financial Statements.

RF INDUSTRIES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED OCTOBER 31, 2023 AND 2022
(In thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	Shares	Amount			
Balance, November 1, 2021	10,058,571	\$ 101	\$ 24,301	\$ 15,201	\$ 39,603
Exercise of stock options	60,854	1	149	-	150
Stock-based compensation expense	-	-	689	-	689
Issuance of restricted stock	77,091	-	-	-	-
Tax withholding related to vesting of restricted stock	(3,229)	-	(21)	-	(21)
Net income	-	-	-	1,448	1,448
Balance, October 31, 2022	10,193,287	102	25,118	16,649	41,869
Exercise of stock options	45,000	-	85	-	85
Stock-based compensation expense	0	-	898	-	898
Issuance of restricted stock	107,424	2	(2)	-	-
Tax withholding related to vesting of restricted stock	(2,488)	-	(12)	-	(12)
Net loss	-	-	-	(3,078)	(3,078)
Balance, October 31, 2023	10,343,223	\$ 104	\$ 26,087	\$ 13,571	\$ 39,762

See Notes to Consolidated Financial Statements.

RF INDUSTRIES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2023 AND 2022
(In thousands)

	Twelve Months Ended October 31,	
	2023	2022
OPERATING ACTIVITIES:		
Consolidated net (loss) income	\$ (3,078)	\$ 1,448
Adjustments to reconcile consolidated net (loss) income to net cash provided by operating activities:		
Bad debt expense	102	15
Depreciation and amortization	2,433	1,690
Stock-based compensation expense	898	689
Amortization of debt issuance cost	9	6
Tax payments related to shares cancelled for vested restricted stock awards	(12)	(21)
Deferred income taxes	(677)	(1,427)
Changes in operating assets and liabilities:		
Trade accounts receivable	4,433	1,496
Inventories	2,323	(6,150)
Other current assets	3,713	(2,894)
Right-of-use assets	1,477	3,378
Other long-term assets	18	(225)
Accounts payable	(2,451)	1,065
Accrued expenses	(4,244)	3,063
Income taxes payable	(759)	759
Net cash provided by operating activities	<u>4,185</u>	<u>2,892</u>
INVESTING ACTIVITIES:		
Capital expenditures	(2,483)	(2,675)
Purchase of Microlab, net of cash acquired (\$33)	-	(24,442)
Net cash used in investing activities	<u>(2,483)</u>	<u>(27,117)</u>
FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	87	150
Debt issuance cost	-	(32)
Line of credit payments	(1,000)	-
Line of credit	2,000	-
Term Loan payments	(2,424)	(1,414)
Term Loan	-	17,000
Net cash (used in) provided by financing activities	<u>(1,337)</u>	<u>15,704</u>
Net increase (decrease) in cash and cash equivalents	365	(8,521)
Cash and cash equivalents, beginning of period	<u>4,532</u>	<u>13,053</u>
Cash and cash equivalents, end of period	<u>\$ 4,897</u>	<u>\$ 4,532</u>
Supplemental cash flow information – income taxes paid (refund)	<u>\$ 642</u>	<u>\$ (314)</u>

See Notes to Consolidated Financial Statements.

RF INDUSTRIES, LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Business activities and summary of significant accounting policies

Business activities

RF Industries, Ltd., together with its five wholly owned subsidiaries (collectively, hereinafter the “Company”, “we”, “us”, or “our”), primarily engages in the design, manufacture, and marketing of interconnect products and systems, including coaxial and specialty cables, fiber optic cables and connectors, and electrical and electronic specialty cables. For internal operating and reporting purposes, and for marketing purposes, as of the end of the fiscal year ended October 31, 2023, we classified our operations into the following five divisions/subsidiaries: (i) The RF Connector and Cable Assembly division designs, manufactures and distributes coaxial connectors and cable assemblies that are integrated with coaxial connectors; (ii) Cables Unlimited, Inc., the subsidiary that manufactures custom and standard cable assemblies, complex hybrid fiber optic power solution cables, adapters, and electromechanical wiring harnesses for communication, computer, LAN, automotive and medical equipment; (iii) Rel-Tech Electronics, Inc., the subsidiary that designs and manufactures cable assemblies and wiring harnesses for blue chip industrial, oilfield, instrumentation and military customers; (iv) C Enterprises, Inc., the subsidiary that designs and manufactures quality connectivity solutions to telecommunications and data communications distributors; (v) Schroff Technologies International, Ltd., the subsidiary that manufactures and markets intelligent thermal control systems used by telecommunications companies across the U.S. and Canada, and shrouds for small cell integration and installation, and (vi) Microlab, the subsidiary that designs and manufactures high-performance RF and Microwave products enabling signal distribution and deployment of in-building DAS (distributed antenna systems), wireless base stations and small cell networks. The Cables Unlimited and C Enterprises divisions are Corning Cables Systems CAH ConnectionsSM Gold Program members that are authorized to manufacture fiber optic cable assemblies that are backed by Corning Cables Systems’ extended warranty.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of RF Industries, Ltd., Cables Unlimited, Inc. (“Cables Unlimited”), Rel-Tech Electronics, Inc. (“Rel-Tech”), C Enterprises, Inc. (“C Enterprises”), Schroff Technologies International, Ltd. (“Schrofftech”), and Microlab/FXR LLC (“Microlab”), wholly owned subsidiaries of RF Industries, Ltd. All intercompany balances and transactions have been eliminated in consolidation.

Liquidity

As of October 31, 2023, the Company was in compliance with the covenants contained in the Loan Agreement. In January 2024, given the economic conditions and the associated impact on earnings, the Company amended the Loan Agreement to modify the financial covenants in order to avoid a potential covenant violation during the fiscal quarter ending January 31, 2024. The amendments effect changes to certain provisions and covenants as noted in Note 11.

As of October 31, 2023, the Company was in compliance with all financial covenants contained in the Loan Agreement. The Company expects to maintain compliance with the financial covenants contained in the Loan Agreement, as amended in January 2024, for at least one year from the issuance of these financial statements based on its current expectations and forecasts. If economic conditions worsen and the Company’s earnings and operating cash flows do not start to recover as currently estimated by management, this could impact the Company’s ability to maintain compliance with the amended financial covenants and require the Company to seek additional amendments to the Loan Agreement. If the Company is not able to obtain such necessary additional amendments, this would lead to an event of default and, if not cured timely, the lender could require the Company to repay its outstanding debt. In that situation, the Company may not be able to raise sufficient debt or equity capital, or divest assets, to refinance or repay the lenders and may affect our ability to continue as a going concern.

Cash equivalents

The Company considers all highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Revenue recognition

On November 1, 2018, we adopted Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (“ASC 606”) applying the modified retrospective method. The core principle of ASC 606 is that revenue should be recorded in an amount that reflects the consideration to which we expect to be entitled in exchange for goods or services promised to customers. Under ASC 606, we follow a five-step model to: (1) identify the contract with our customer; (2) identify our performance obligations in our contract; (3) determine the transaction price for our contract; (4) allocate the transaction price to our performance obligations; and (5) recognize revenue when (or as) each performance obligation is satisfied. In accordance with this accounting principle, we recognize revenue using the output method at a point in time when finished goods have been transferred to the customer and there are no other obligations to customers after the title of the goods have transferred. Title of goods are transferred based on shipping terms for each customer – for shipments with terms of FOB Shipping Point, title is transferred upon shipment; for shipments with terms of FOB Destination, title is transferred upon delivery.

Inventories

Inventories are stated at the lower of cost or net realizable value, with cost determined using the weighted average cost of accounting. Cost includes materials, labor, and manufacturing overhead related to the purchase and production of inventories. We regularly review inventory quantities on hand, future purchase commitments with our suppliers, and the estimated utility of our inventory. If our review indicates a reduction in utility below carrying value due to damage, physical deterioration, obsolescence, changes in price levels, or other causes, we reduce our inventory to a new cost basis through a charge to cost of sales in the period in which it occurs. The determination of market value and the estimated volume of demand used in the lower of cost or market analysis requires significant judgment.

Property and equipment

Equipment, tooling and furniture are recorded at cost and depreciated over their estimated useful lives (generally three to five years) using the straight-line method. Expenditures for repairs and maintenance are charged to operations in the period incurred.

Goodwill

Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Goodwill is not amortized, but is subject to impairment analysis at least once annually, which we perform in October, or more frequently upon the occurrence of an event or when circumstances indicate that a reporting unit's carrying amount is greater than its fair value.

We assess whether a goodwill impairment exists using both qualitative and quantitative assessments at the reporting level. Our qualitative assessment involves determining whether events or circumstances exist that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If based on this qualitative assessment we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, we will not perform a quantitative assessment.

Under the amendments of this update, the goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss should be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

We test our goodwill, trademarks and indefinite-lived assets for impairment at least annually or more frequently if events or changes in circumstances indicate these assets may be impaired. These events or circumstances require significant judgment and could include a significant change in the business climate, legal factors, operating performance indicators, competition and sale or disposition of all or a portion of a division. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for our business, estimation of the useful life over which cash flows will occur, and determination of our weighted average cost of capital.

As of October 31, 2023, we performed an impairment test analysis for Microlab and as of July 31, 2023, we performed an impairment test analysis for Schrofftech. As noted, we test our goodwill, trademarks, and indefinite-lived intangible assets for impairment at least annually, which we have traditionally done in the fourth quarter, or on an interim basis when events or changes in circumstances suggest these assets may be impaired. Impairment is measured as the excess of the carrying value of the goodwill or indefinite-lived intangible asset over its fair value.

No instances of goodwill impairment were identified as of October 31, 2023 and 2022.

On June 15, 2011, we completed the acquisition of Cables Unlimited. Goodwill related to this acquisition is included within the Cables Unlimited reporting unit. As of May 19, 2015, we completed the acquisition of the CompPro product line. Goodwill related to this acquisition is included within the RF Connector and Cable Assembly Division. Effective June 1, 2015, we completed the acquisition of Rel-Tech. Goodwill related to this acquisition is included within the Rel-Tech reporting unit. On March 15, 2019, we completed the acquisition of C Enterprises; however, no goodwill resulted from this transaction. On November 4, 2019, we completed the acquisition of Schrofftech. Goodwill related to this acquisition is included within the Schrofftech reporting unit. On March 1, 2022, we completed the acquisition of Microlab. Goodwill related to this acquisition is included within the Microlab reporting unit.

Long-lived assets

We assess property, plant and equipment and intangible assets, which are considered definite-lived assets, for impairment. Definite-lived assets are reviewed when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We measure recoverability of these assets by comparing the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If property and equipment and intangible assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair market value.

We amortize our intangible assets with definite useful lives over their estimated useful lives and review these assets for impairment.

We test our goodwill, trademarks and indefinite-lived assets for impairment at least annually or more frequently if events or changes in circumstances indicate these assets may be impaired. These events or circumstances require significant judgment and could include a significant change in the business climate, legal factors, operating performance indicators, competition and sale or disposition of all or a portion of a division. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for our business, estimation of the useful life over which cash flows will occur, and determination of our weighted average cost of capital.

As of October 31, 2023, we performed an impairment test analysis for Microlab and as of July 31, 2023, we performed an impairment test analysis for Schrofftech. As noted above, we test our goodwill, trademarks, and indefinite-lived intangible assets for impairment at least annually, which we have traditionally done in the fourth quarter, or on an interim basis when events or changes in circumstances suggest these assets may be impaired. Impairment is measured as the excess of the carrying value of the goodwill or indefinite-lived intangible asset over its fair value.

Impairment may result from a number of factors, including performance deterioration, negative cash flows from operations and/or changes in anticipated future cash flows, changes in business plans, adverse economic or market conditions, or other factors beyond our control. The amount of any impairment must be expensed as a charge to operations. Microlab's results for the fiscal year ended October 31, 2023 triggered an impairment analysis. Schrofftech's three and nine-months results ended July 31, 2023 triggered an impairment analysis. Microlab was acquired in March 1, 2022 for a total purchase price of \$24.5 million. Schrofftech was acquired on November 4, 2019 for a total purchase price of \$5.3 million, consisting of cash consideration of \$4.0 million and \$1.3 million in earn-out, of which none was earned.

As of October 31, 2023, Microlab has a carrying value of \$17.2 million, of which includes \$5.6 million in goodwill, \$11.6 million in net amortizable intangible assets. As of October 31, 2023, Schrofftech has a carrying value of \$3.1 million, of which includes \$1.1 million in goodwill, \$0.5 million in non-amortizable intangible assets and \$1.5 million in net amortizable intangible assets. The analyses performed included a blend of the income approach (discounted cash flow method) and market approach (guideline public company method) to reach a fair value of equity in excess of the fair value to the carrying amount.

The analyses performed in blending the income approach and the market approach incorporates several significant judgments and assumptions about projected revenue growth, future operating margins and discount rates. There are inherent uncertainties related to these assumptions and our judgment in applying them to the impairment analysis. Changes in certain events or circumstances could result in changes to our estimated fair values, and may result in future write-downs to the carrying values of these assets. Impairment charges could adversely affect our financial results, financial ratios and could limit our ability to obtain financing in the future.

No instances of impairment were identified as of October 31, 2023 or 2022.

Fair value measurement

We measure at fair value certain financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. GAAP specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. These two types of inputs have created the following fair-value hierarchy:

Level 1— Quoted prices for identical instruments in active markets;

Level 2— Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and

Level 3— Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

As of October 31, 2023 and 2022, the carrying amounts reflected in the accompanying consolidated balance sheets for cash and cash equivalents, accounts receivable, and accounts payable approximated their carrying value due to their short-term nature.

Intangible assets

Intangible assets consist of the following as of October 31, 2023 and 2022 (in thousands):

	2023	2022
Amortizable intangible assets:		
Non-compete agreement (estimated life 5 years)	\$ 423	\$ 423
Accumulated amortization	(378)	(334)
	45	89
Customer relationships (estimated lives 7 - 15 years)	6,058	6,058
Accumulated amortization	(3,461)	(3,074)
	2,597	2,984
Backlog (estimated life 1 - 2 years)	327	327
Accumulated amortization	(327)	(313)
	-	14
Patents (estimated life 10 - 14 years)	368	368
Accumulated amortization	(176)	(143)
	192	225
Tradename (estimated life 15 years)	1,700	1,700
Accumulated amortization	(189)	(76)
	1,511	1,624
Proprietary technology (estimated life 10 years)	11,100	11,100
Accumulated amortization	(1,850)	(740)
	9,250	10,360
Totals	<u>\$ 13,595</u>	<u>\$ 15,296</u>
Non-amortizable intangible assets:		
Trademarks	<u>\$ 1,174</u>	<u>\$ 1,174</u>

Amortization expense was \$1,701,000 and \$1,282,000 for the years ended October 31, 2023 and 2022, respectively. The weighted-average amortization period for the amortizable intangible assets is 8.55 years.

There was no impairment to trademarks for the years ended October 31, 2023 and 2022.

Estimated amortization expense related to finite-lived intangible assets is as follows (in thousands):

Year ending October 31,	Amount
2024	\$ 1,688
2025	1,643
2026	1,643
2027	1,643
2028	1,643
Thereafter	5,335
Total	<u>\$ 13,595</u>

Advertising

We expense the cost of advertising and promotions as incurred. Advertising costs charged to operations were approximately \$76,000 and \$333,000 in 2023 and 2022, respectively.

Research and development

Research and development costs are expensed as incurred. Our research and development expenses relate to its engineering activities, which consist of the design and development of new products for specific customers, as well as the design and engineering of new or redesigned products for the industry in general. During the years ended October 31, 2023 and 2022, we recognized \$3,151,000 and \$2,913,000 in engineering expenses, respectively.

Income taxes

We account for income taxes under the asset and liability method, based on the income tax laws and rates in the jurisdictions in which operations are conducted and income is earned. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Developing the provision (benefit) for income taxes requires significant judgment and expertise in federal, international and state income tax laws, regulations and strategies, including the determination of deferred tax assets and liabilities and, if necessary, any valuation allowances that may be required for deferred tax assets. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Management's judgments and tax strategies are subject to audit by various taxing authorities.

We had adopted the provisions of ASC 740-10, which clarifies the accounting for uncertain tax positions. ASC 740-10 requires that we recognize the impact of a tax position in the financial statements if the position is not more likely than not to be sustained upon examination based on the technical merits of the position. We recognize interest and penalties related to certain uncertain tax positions as a component of income tax expense and the accrued interest and penalties are included in deferred and income taxes payable in our consolidated balance sheets. See Note 8 to the Consolidated Financial Statements included in this Report for more information on the Company's accounting for uncertain tax positions.

Stock options

For stock option grants to employees, we recognize compensation expense based on the estimated fair value of the options at the date of grant. Stock-based employee compensation expense is recognized on a straight-line basis over the requisite service period. We issue previously unissued common shares upon the exercise of stock options.

For the fiscal years ended October 31, 2023 and 2022, charges related to stock-based compensation amounted to approximately \$898,000 and \$689,000, respectively. For the fiscal years ended October 31, 2023 and 2022, all stock-based compensation is classified in selling and general and engineering expense.

Earnings per share

Basic earnings per share is calculated by dividing net (loss) income applicable to common stockholders by the weighted average number of common shares outstanding during the period. The calculation of diluted earnings per share is similar to that of basic earnings per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if all potentially dilutive common shares, principally those issuable upon the exercise of stock options, were issued and the treasury stock method had been applied during the period. The greatest number of shares potentially issuable upon the exercise of stock options in any period for the years ended October 31, 2023 and 2022, that were not included in the computation because they were anti-dilutive, totaled 811,135 and 508,889, respectively.

The following table summarizes the computation of basic and diluted earnings per share:

	2023	2022
Numerators:		
Consolidated net (loss) income (A)	\$ (3,078,000)	\$ 1,448,000
Denominators:		
Weighted average shares outstanding for basic earnings per share (B)	10,283,449	10,120,254
Add effects of potentially dilutive securities - assumed exercise of stock options	-	122,163
Weighted average shares outstanding for diluted earnings per share (C)	10,283,449	10,242,417
Basic (loss) earnings per share (A)/(B)	\$ (0.30)	\$ 0.14
Diluted (loss) earnings per share (A)/(C)	\$ (0.30)	\$ 0.14

Recent accounting standards

Recently issued accounting pronouncements not yet adopted:

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13, *Financial Instruments—Credit Losses*, which requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The guidance is effective for fiscal years beginning after December 15, 2019. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments—Credit Losses (Topic 326)*, which pushes back the effective date for public business entities that are smaller reporting companies, as defined by the SEC, to fiscal years beginning after December 15, 2022. Early adoption is permitted. We are currently evaluating the impact the adoption of this new standard will have on our consolidated financial statements.

Recently issued accounting pronouncements adopted:

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which simplifies the accounting for income taxes by removing certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The new ASU also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates. These changes aim to improve the overall usefulness of disclosures to financial statement users and reduce unnecessary costs to companies when preparing the disclosures. The guidance was effective for the Company beginning on November 1, 2021 and prescribes different transition methods for the various provisions. The adoption of this standard had no material impact on the Company’s consolidated financial statements or related disclosures.

Note 2 – Business acquisition

On March 1, 2022, the Company completed its purchase (the “Purchase Transaction”) of 100% of the issued and outstanding membership interests of Microlab, a New Jersey limited liability company, from Wireless Telecom Group, Inc, a New Jersey corporation (the “Seller”) pursuant to the Membership Interest Purchase Agreement (the “Purchase Agreement”) dated December 16, 2021, with the Seller. The consideration for the Purchase Transaction was \$24,250,000, subject to certain post-closing adjustments as set forth in the Purchase Agreement. The purchase price was paid in cash at the closing. The Company funded \$17 million of the cash purchase price from the funds obtained under the Term Loan (as defined in Note 11) and paid the remaining amount of the cash purchase price with cash on hand. During the three months ended July 31, 2022, we paid an additional \$225,000 in purchase consideration as a result of certain post-closing adjustments relating to net working capital.

The acquisition was accounted for with the acquisition method of accounting. The acquired assets and assumed liabilities have been recorded at their estimated fair values. We determined the estimated fair values with the assistance of appraisals or valuations performed by an independent third-party specialist. Microlab designs and manufactures high-performance radio frequency and microwave products enabling signal distribution and deployment of in-building DAS (distributed antenna systems), wireless base stations and small cell networks. The Microlab acquisition further diversifies and strengthens the portfolio of products that we offer to the market and allows us to provide a more complete solution to our customers in key market segments. All manufacturing operations are performed at Microlab’s facilities in New Jersey.

The acquisition closed on March 1, 2022, accordingly, subsequent to March 1, 2022, Microlab’s financial results have been included in the results of the RF Connector and Cable Assembly (“RF Connector”) segment as well as in the condensed consolidated statements of operations. The Company expects the goodwill recorded to be deductible for income tax purposes. Acquired amortizable intangible assets are being amortized on a straight-line basis over their estimated useful lives ranging from one to 15 years. Total costs, as of October 31, 2022, related to the acquisition of Microlab were approximately \$1.3 million and have been expensed as incurred and categorized in selling and general expenses.

The following table summarizes the components of the purchase price at fair value at March 1, 2022:

Cash consideration paid at closing	\$	24,250,000
Post-closing adjustment		225,000
Total consideration transferred	\$	<u>24,475,000</u>

The following table summarizes the allocation of the preliminary purchase price at fair value at March 1, 2022:

Current assets	\$ 6,620,000
Property and equipment	198,000
Intangible assets	13,840,000
Goodwill	5,617,000
Noninterest-bearing liabilities	(1,800,000)
Net assets acquired at fair value	<u>\$ 24,475,000</u>

The following unaudited pro forma financial information presents the combined operating results of the Company and Microlab as if the acquisition had occurred as of the beginning of the earliest period presented. Pro forma data is subject to various assumptions and estimates and is presented for informational purposes only. This pro forma data does not purport to represent or be indicative of the consolidated operating results that would have been reported had the transaction been completed as described herein, and the data should not be taken as indicative of future consolidated operating results.

Unaudited pro forma financial information assuming the acquisition of Microlab as of November 1, 2021 is presented in the following table:

	October 31,	
	2023	2022
Revenue	\$ 72,168	\$ 91,358
Net (loss) income	(3,078)	1,959
(Loss) earnings per share		
Basic	\$ (0.30)	\$ 0.19
Diluted	\$ (0.30)	\$ 0.19
Basic	10,283,449	10,120,254
Diluted	10,283,449	10,242,417

Note 3 – Concentrations of credit risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. We maintain our cash and cash equivalents with high-credit quality financial institutions. At October 31, 2023, we had cash and cash equivalent balances in excess of federally insured limits in the amount of approximately \$3.4 million.

Sales from each customer that were 10% or greater of net sales were as follows:

	October 31,	
	2023	2022
Wireless provider	10%	20%
Distributor A	10%	*

* Less than 10%

For the year ended October 31, 2023, a wireless carrier customer accounted for approximately 10% of total sales and had no accounts receivable. Another distributor customer accounted for approximately 10% of total sales and for 11% of the total net accounts receivable, while another distributor customer accounted for 10% of the total net accounts receivable and less than 10% of total sales. For the year ended October 31, 2022, the same wireless carrier accounted for approximately 20% of total sales, and a distributor accounted for less than 10% of total sales. These two customers' accounts receivable balances each accounted for approximately 14% and 19% of the total net accounts receivable balance at October 31, 2022. Although the distributors have been on-going major customers of the Company and the wireless carrier is a newer customer to the Company, the written agreements with these customers do not have any minimum purchase obligations and they could stop buying our products at any time and for any reason. A reduction, delay, or cancellation of orders from these customers or the loss of these customers could significantly reduce our future revenues and profits.

Note 4 – Inventories and major vendors

Inventories, consisting of materials, labor and manufacturing overhead, are stated at the lower of cost or net realizable value. Cost has been determined using the weighted average cost method. Inventories consist of the following (in thousands):

	<u>2023</u>	<u>2022</u>
Raw materials and supplies	\$ 12,957	\$ 15,238
Work in process	439	439
Finished goods	5,334	5,377
Totals	<u>\$ 18,730</u>	<u>\$ 21,054</u>

One vendor accounted for 15% of inventory purchases during the fiscal year ended October 31, 2023, and one vendor accounted for 27% of inventory purchases for the fiscal year ended October 31, 2022. We have arrangements with our vendors to purchase products based on purchase orders that we periodically issue.

Note 5 – Other current assets

Other current assets consist of the following (in thousands):

	<u>2023</u>	<u>2022</u>
Employee retention credit ("ERC")	\$ 145	\$ 1,636
Prepaid taxes	642	-
Prepaid expense	953	972
Reimbursement for tenant improvements	-	2,810
Other	396	431
Totals	<u>\$ 2,136</u>	<u>\$ 5,849</u>

Pursuant to the Coronavirus Aid, Relief, and Economic Security Act, H.R. 748 ("CARES Act"), eligible employers are able to claim an ERC, which is a refundable tax credit against certain employment taxes. If the employer's employment tax deposits are not sufficient to cover the credit, the employer may get an advance payment from the Internal Revenue Service. The period assessed for eligibility of the ERC is on a calendar year basis. As of October 31, 2023, the remaining portion of the ERC that we have not yet received is included as other receivables in other current assets.

Note 6 – Accrued expenses and other long-term liabilities

Accrued expenses consist of the following (in thousands):

	<u>2023</u>	<u>2022</u>
Wages payable	\$ 2,461	\$ 3,634
Accrued receipts	1,131	2,136
Other accrued expenses	980	1,847
Tenant improvements payable	-	1,197
Totals	<u>\$ 4,572</u>	<u>\$ 8,814</u>

Accrued receipts represent purchased inventory for which invoices have not been received.

Note 7 – Segment information

We aggregate operating divisions into two reporting segments that have similar economic characteristics primarily in the following areas: (1) the nature of the product and services; (2) the nature of the production process; (3) the type or class of customer for their products and services; (4) the methods used to distribute their products or services; and (5) if applicable, the nature of the regulatory environment. Based upon this evaluation, as of October 31, 2023, we had two reportable segments – RF Connector and Cable Assembly ("RF Connector") segment and Custom Cabling Manufacturing and Assembly ("Custom Cabling") segment.

On August 1, 2023, C Enterprises moved and transitioned its physical operations into the RF Connector office in San Diego, CA. Given the synergies in consolidating both the operating divisions into one building, C Enterprises has now been included in the RF Connector segment. Further, since the acquisition of C Enterprises in 2019, the customer base for the division has shifted more towards distribution as opposed to direct to end customer which is more aligned with the RF Connector segment. The segment change of including C Enterprise as part of the RF Connector segment was made retroactive to the beginning of our fiscal year starting November 1, 2022 and reclassified for fiscal 2022 for comparative purposes. Prior to the transition, C Enterprises was included in the Custom Cabling segment.

The RF Connector segment consists of three divisions and the Custom Cabling segment consists of three divisions. The six divisions that met the quantitative thresholds for segment reporting are the RF Connector and Cable Assembly division ("RF Connector division"), Cables Unlimited, Rel-Tech, C Enterprises, Schrofftech, and Microlab. While each segment has similar products and services, there was little overlapping of these services to their customer base. The biggest difference in segments is in the channels of sales: sales or product and services for the RF Connector segment were primarily through the distribution channel, while the Custom Cabling segment sales were through a combination of distribution and direct to the end customer.

Management identifies segments based on strategic business units that are, in turn, based along market lines. These strategic business units offer products and services to different markets in accordance with their customer base and product usage. For segment reporting purposes, the RF Connector, C Enterprises and Microlab divisions constitutes the RF Connector segment, and the Cables Unlimited, Rel-Tech, and Schrofftech divisions constitute the Custom Cabling segment.

As reviewed by our chief operating decision maker, we evaluate the performance of each segment based on income or loss before income taxes. We charge depreciation and amortization directly to each division within the segment. Accounts receivable, inventory, property and equipment, right-of-use assets, goodwill and intangible assets are the only assets identified by segment. Except as discussed above, the accounting policies for segment reporting are the same for the Company as a whole.

All of our operations are conducted in the United States; however, we derive a portion of our revenue from export sales. We attribute sales to geographic areas based on the location of the customers. The following table presents the sales by geographic area for the years ended October 31, 2023 and 2022 (in thousands):

	<u>2023</u>	<u>2022</u>
United States	\$ 65,781	\$ 74,919
Foreign Countries:		
Canada	2,183	6,765
Italy	1,802	1,670
Mexico	4	106
All Other	2,398	1,794
	<u>6,387</u>	<u>10,335</u>
Totals	<u>\$ 72,168</u>	<u>\$ 85,254</u>

Net sales, income (loss) before provision (benefit) for income taxes and other related segment information for the years ended October 31, 2023 and 2022 are as follows (in thousands):

	RF Connector and Cable Assembly		Custom Cabling Manufacturing and Corporate		Total
	Assembly	Assembly	Corporate		
2023					
Net sales	\$ 45,941	\$ 26,227	\$ -	\$ -	\$ 72,168
Loss before benefit from income taxes	(1,463)	(1,479)	(1,307)	-	(4,250)
Depreciation and amortization	1,932	501	-	-	2,433
Total assets	55,466	17,009	9,803	-	82,278
2022					
Net sales	\$ 43,521	\$ 41,733	\$ -	\$ -	\$ 85,254
(Loss) income before provision (benefit) from income taxes	(195)	4,919	(3,137)	-	1,587
Depreciation and amortization	1,191	499	-	-	1,690
Total assets	55,006	22,068	12,492	-	89,566

Note 8 – Income tax provision (benefit)

The provision (benefit) for income taxes for the fiscal years ended October 31, 2023 and 2022 consists of the following (in thousands):

	<u>2023</u>	<u>2022</u>
Current:		
Federal	\$ (501)	\$ 1,252
State	6	225
	<u>(495)</u>	<u>1,477</u>
Deferred:		
Federal	(438)	(1,054)
State	(239)	(284)
	<u>(677)</u>	<u>(1,338)</u>
	<u>\$ (1,172)</u>	<u>\$ 139</u>

Income tax at the federal statutory rate is reconciled to our actual net provision (benefit) for income taxes as follows (in thousands, except percentages):

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>% of Pretax Loss</u>	<u>Amount</u>	<u>% of Pretax Income</u>
Income taxes at federal statutory rate	\$ (893)	21.0%	\$ 333	21.0%
State tax provision, net of federal tax benefit	(212)	5.0%	60	3.8%
Nondeductible differences:				
Stock options	88	-2.1%	19	1.2%
Permanent differences	15	-0.4%	5	0.3%
R&D credits	(238)	5.6%	(219)	-13.6%
Foreign derived intangible income	-	0.0%	(68)	-4.3%
ASC 740-10 Liability	13	-0.3%	(7)	-0.4%
Section 481(a) adjustment	-	0.0%	142	8.9%
Return-to-provision adjustments	(69)	1.6%	(126)	-7.9%
Other	124	-2.9%	-	0.0%
	<u>\$ (1,172)</u>	<u>27.5%</u>	<u>\$ 139</u>	<u>9.2%</u>

Our total deferred tax assets and deferred tax liabilities at October 31, 2023 and 2022 are as follows (in thousands):

	<u>2023</u>	<u>2022</u>
Deferred Tax Assets:		
Reserves	\$ 497	\$ 404
Accrued vacation	275	294
Stock-based compensation awards	213	168
Uniform capitalization	208	173
Lease liability	5,177	4,169
State taxes	21	72
Other	-	36
Capitalized Section 174 Costs	864	-
Credits	128	-
163(j) interest carryforward	118	-
Net operating loss carryforwards	73	-
Total deferred tax assets	<u>7,574</u>	<u>5,316</u>
Deferred Tax Liabilities:		
Amortization / intangible assets	(192)	(29)
Change in right-of-use assets	(3,942)	(3,335)
Depreciation / equipment and furnishings	(822)	(136)
Total deferred tax liabilities	<u>(4,956)</u>	<u>(3,500)</u>
Valuation allowance	(124)	-
Total net deferred tax assets (liabilities)	<u>\$ 2,494</u>	<u>\$ 1,816</u>

Deferred income tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. We have evaluated the available evidence supporting the realization of its gross deferred tax assets including the amount and timing of future taxable income, and has determined it is more likely than not that the federal and combined state deferred tax assets will be realized in future tax years, but it is not more likely than not that the separate state deferred tax assets will be realized in future tax years. As such, a valuation allowance has been recorded against the separate state deferred tax assets. The change in valuation allowance was \$0.1 million and \$0.0 million for fiscal 2023 and 2022, respectively.

At October 31, 2023, the Company has gross United States federal and state net operating loss (NOL) carryforwards of \$0.3 million and \$0.2 million, respectively. The federal NOL carryforwards will carry forward indefinitely. The state NOL carryforwards of \$0.2 million will begin to expire in 2043 unless previously utilized. At October 31, 2023, the Company also has IRC 163(j) interest carryforwards of \$0.6 million, which will carry forward indefinitely. At October 31, 2023, the Company also has state research and development credit carryforwards of \$0.2 million. The state credit carryforwards of \$0.2 million will begin to expire in 2029 unless previously utilized and the remainder will carry forward indefinitely.

The provision (benefit) for income taxes was (\$1.2) million or 27.5% and \$0.1 million or 9.2% of income before income taxes for fiscal 2023 and 2022, respectively. The fiscal 2023 effective tax rate differed from the statutory federal rate of 21% primarily as a result of the tax benefit from research and development tax credits, the change in valuation allowance and state taxes.

The Company recognizes the benefit of tax positions taken or expected to be taken in its tax returns in the consolidated financial statements when it is more likely than not that the position will be sustained upon examination by authorities. Recognized tax positions are measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

A reconciliation of the beginning and ending balance to total uncertain tax positions in fiscal years ended October 31, 2023 and 2022 are as follows:

	2023	2022
Balance, at beginning of year	\$ 121	\$ 128
Increase for tax positions related to the current year	78	50
Increase (decrease) for tax positions related to prior years	2	(29)
Increase for interest and penalties	-	-
Statute of Limitations Expirations	(23)	(28)
Balance, at end of year	<u>\$ 178</u>	<u>\$ 121</u>

We had gross unrecognized tax benefits of \$178,000 and \$121,000 attributable to U.S. federal and California research tax credits as of October 31, 2023 and 2022 respectively. During fiscal 2023, the increase in our gross unrecognized tax benefit was primarily related to increased federal and California research tax credits being generated. The uncertain tax benefit of \$40,000 is recorded as a reduction to deferred tax assets and the remainder is recorded in income taxes payable in our consolidated balance sheet and if recognized in the future would impact our effective tax rate. We recognize interest and penalties related to uncertain tax positions in income tax expense. We recognized expense of approximately \$20,000 and \$13,000 during the years ended October 31, 2023 and 2022 respectively. We believe that an adequate provision has been made for any adjustments that may result from tax examinations. However, it is possible that certain changes may occur within the next twelve months, but we do not anticipate that our accrual for uncertain tax positions will change by a material amount over the next twelve-month period.

We are subject to taxation in the United States and state jurisdictions. Our tax years for October 31, 2020 and forward are subject to examination by the United States and October 31, 2019 and forward with state tax authorities.

Note 9 – Stock options

Incentive and non-qualified stock option plans

On July 22, 2020, the Company's Board of Directors adopted the 2020 Equity Incentive Plan (the "2020 Plan"). In September 2020, the Company's stockholders approved the 2020 Plan by vote as required by NASDAQ. An aggregate of 1,250,000 shares of common stock was set aside and reserved for issuance under the 2020 Plan. As of October 31, 2023, 703,252 shares of common stock were remaining for future grants of stock options under the 2020 Plan.

Additional disclosures related to stock option plans

On January 10, 2022, we granted a total of 39,666 shares of restricted stock and 106,001 incentive stock options to one manager and three officers. The shares of restricted stock and incentive stock options vest over four years as follows: (i) one-quarter of the restricted shares and options vested on January 11, 2023; and (ii) the remaining restricted shares and options shall vest in 12 equal quarterly installments over the next three years. All incentive stock options expire 10 years from the date of grant.

On January 11, 2023, we granted a total of 54,092 shares of restricted stock and 108,181 incentive stock options to one manager and three officers, respectively. The shares of restricted stock and incentive stock options vest over four years as follows: (i) one-quarter of the restricted shares and options shall vest on January 10, 2024 and (ii) the remaining restricted shares and options shall vest in 12 equal quarterly installments over the next three years. Also on January 11, 2023, we granted another manager 50,000 incentive stock options. As of October 31, 2023, the 50,000 incentive stock options granted to manager were cancelled and forfeited as the manager was no longer employed. All incentive stock options expire 10 years from the date of grant.

On August 29, 2023, we granted one employee 10,000 incentive stock options. These options vested with respect to 2,500 shares on the date of grant, and the remaining shares vests in equal installments thereafter on each of the next three anniversaries of August 29, 2023. The options expire 10 years from the date of grant.

No other shares or options were granted to Company employees during fiscal 2023.

The fair value of each option granted in 2023 and 2022 was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

	2023	2022
Weighted average volatility	54.27%	53.36%
Expected dividends	0.00%	0.00%
Expected term (in years)	7.0	7.0
Risk-free interest rate	3.78%	1.47%
Weighted average fair value of options granted during the year	\$ 3.15	\$ 3.77
Weighted average fair value of options vested during the year	\$ 2.80	\$ 2.32

Expected volatilities are based on historical volatility of our stock price and other factors. We used the historical method to calculate the expected life of the 2023 and 2022 option grants. The expected life represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on the U.S. Treasury rate with a maturity date corresponding to the options' expected life. The dividend yield is based upon the historical dividend yield.

Additional information regarding all of our outstanding stock options at October 31, 2023 and 2022 and changes in outstanding stock options in 2023 and 2022 follows:

	2023		2022	
	Shares or Price Per Share	Weighted Average Exercise Price	Shares or Price Per Share	Weighted Average Exercise Price
Outstanding at beginning of year	691,005	\$ 5.87	618,858	\$ 5.33
Options granted	168,181	\$ 5.36	145,001	\$ 6.94
Options exercised	(45,000)	\$ 1.90	(60,854)	\$ 2.45
Options canceled or expired	(60,000)	\$ 5.33	(12,000)	\$ 7.58
Options outstanding at end of year	<u>754,186</u>	<u>\$ 6.04</u>	<u>691,005</u>	<u>\$ 5.87</u>
Options exercisable at end of year	<u>479,588</u>	<u>\$ 6.10</u>	<u>366,714</u>	<u>\$ 6.13</u>
Options vested and expected to vest at end of year	<u>748,358</u>	<u>\$ 6.13</u>	<u>685,154</u>	<u>\$ 5.88</u>
Option price range at end of year	<u>\$1.90 - \$8.69</u>		<u>\$1.90 - \$8.69</u>	
Aggregate intrinsic value of options exercised during year	<u>\$ 144,005</u>		<u>\$ 245,420</u>	

Weighted average remaining contractual life of options outstanding as of October 31, 2023: 6.29 years

Weighted average remaining contractual life of options exercisable as of October 31, 2023: 5.46 years

Weighted average remaining contractual life of options vested and expected to vest as of October 31, 2023: 6.29 years

Aggregate intrinsic value of options outstanding at October 31, 2023: \$58,000

Aggregate intrinsic value of options exercisable at October 31, 2023: \$40,000

Aggregate intrinsic value of options vested and expected to vest at October 31, 2023: \$57,000

As of October 31, 2023, \$642,000 and \$612,000 of expense with respect to nonvested stock options and restricted shares, respectively, has yet to be recognized but is expected to be recognized over a weighted average period of 2.34 and 0.96 years, respectively.

Under the compensation policies adopted by the Compensation Committee, directors who also are officers and/or employees of the Company do not receive any compensation for serving on the Board. On September 8, 2022, the Board determined that the compensation payable to directors as Board fees for the next year ending with the 2023 annual meeting of stockholders will be \$90,000 (\$40,000 in cash and \$50,000 in restricted stock). In addition, effective September 8, 2022, the Board determined that additional chair fees and committee member fees would be paid in cash as follows:

	Chair	Member
Board	\$ 25,000	
Audit Committee	\$ 8,000	\$ 5,000
Compensation Committee	\$ 6,000	\$ 5,000
Nominating and Corporate Governance Committee	\$ 4,000	\$ 4,000
Strategic Planning and Capital Allocation Committee	\$ 4,000	\$ 4,000

The restricted stock fees vest on the earlier of (i) one year from the date of grant, or (ii) the Company's next annual meeting of stockholders. The number of restricted shares granted to each director was 7,485 determined by dividing the amount of the fee by the closing price of the Company's common stock from the date of grant (\$6.68). Accordingly, on September 8, 2022, Mr. Holdsworth, Ms. Cefali, Mr. Cohenour, Mr. Garland, and Ms. Tidwell were each granted 7,485 shares of restricted stock. The cash fees vests in four equal quarterly installments paid in arrears commencing November 1, 2022.

Note 10 – Retirement plan

We have a 401(k) plan available to our employees. For the years ended October 31, 2023 and 2022, we contributed and recognized as an expense \$567,000 and \$488,000, respectively, which amounts represented 3% of eligible employee earnings under the Company’s Safe Harbor Non-elective Employer Contribution Plan.

Note 11 – Term Loan and Line of credit

In February 2022, we entered into a loan agreement (the “Loan Agreement”) providing for a revolving line of credit (the “Revolving Credit Facility”) in the amount of \$3.0 million and a \$17.0 million term loan (the “Term Loan”, and together with the Revolving Credit Facility, the “Credit Facility”) with Bank of America, N.A. (the “Bank”). Amounts outstanding under the Revolving Credit Facility shall bear interest at a rate of 2.0% plus the Bloomberg Short-Term Bank Yield Index Rate. The maturity date of the Revolving Credit Facility is March 1, 2024. The Company drew down the entire amount of the Term Loan on March 1, 2022. The primary interest rate for Term Loan is 3.76% per annum. The maturity date of the Term Loan is March 1, 2027.

Borrowings under the Credit Facility are secured by a security interest in certain assets of the Company and are subject to certain loan covenants. The Credit Facility requires the maintenance of certain financial covenants, including: (i) consolidated debt to EBITDA ratio not to exceed 3.00 to 1.00; (ii) consolidated fixed charge coverage ratio of at least 1.25 to 1.00; and (iii) consolidated minimum EBITDA of at least \$600,000 for the discrete quarter ended January 31, 2022. In addition, the Credit Facility contains customary affirmative and negative covenants.

As of July 31, 2023, we were not in compliance with the consolidated debt to EBITDA ratio nor were we in compliance with the consolidated fixed charge coverage ratio covenants (the “Defaults”). On September 12, 2023, we entered into Amendment No. 1 and Waiver to the Loan Agreement (“Loan Amendment No. 1”) with the Bank, which, among other matters, provided for a temporary waiver of (i) the Defaults, and (ii) compliance with the consolidated debt to EBITDA ratio and the consolidated fixed charge coverage ratio minimum covenants for the quarterly periods ending October 31, 2023, January 31, 2024, April 30, 2024 and July 31, 2024. Further, pursuant to Loan Amendment No. 1, we were required to maintain (i) (a) until September 21, 2023, minimum liquidity (week-end cash balance plus availability from the Revolving Credit Facility) of \$4.0 million, and (b) from September 22, 2023 and thereafter, liquidity equal to the greater of (1) \$4.0 million or (2) 80% of the liquidity that had been forecast for this date at the fourth week of the forecast and (ii) minimum EBITDA of (\$400,000), \$500,000, \$1.0 million, and \$1.0 million for the quarters ending October 31, 2023, January 31, 2024, April 30, 2024, and July 31, 2024, respectively.

On January 26, 2024, we entered into Amendment No. 2 to the Loan Agreement (“Loan Amendment No. 2”) with the Bank. Loan Amendment No. 2, among other matters, eliminated the requirement to maintain minimum EBITDA of \$500,000 for the quarter ending January 31, 2024. Under Loan Amendment No. 2, the line of credit available to the Company under the Revolving Credit Facility was lowered from \$3.0 million to \$500,000. Further, Loan Amendment No. 2 requires that we maintain from September 22, 2023 and thereafter, liquidity of at least \$2.0 million, rather than the greater of \$4.0 million or 80% of the forecast liquidity as was required under Loan Amendment No. 1. Under Loan Amendment No. 2, the Company will be charged an additional fee equal to 1% of the collective outstanding principal balances of the Revolving Credit Facility and Term Loan if the Credit Facility is not repaid in full on or before March 1, 2024. This additional fee, if applicable, will be due on March 2, 2024. Further, Loan Amendment No. 2 requires that the Company make an additional principal payment of \$1.0 million on the Term Loan on March 1, 2024, in addition to the existing monthly payments due on the Term Loan. In connection with Loan Amendment No. 2, we paid the Bank a \$500,000 paydown on the Revolving Credit Facility, thereby reducing the outstanding balance from \$1.0 million to \$500,000.

As of October 31, 2023, we have borrowed \$13,162,000 under the Term Loan and \$1.0 million from the Revolving Credit Facility.

The foregoing summary description of Loan Amendment No. 2 is qualified in its entirety by reference to the complete text of Loan Amendment No. 2, a copy of which is included as Exhibit 10.36 and is incorporated herein by reference.

Note 12 – Related party transactions

A portion of our operating leases are leased from K&K Unlimited, a company controlled by Darren Clark, the former owner and current President of Cables Unlimited. Cables Unlimited’s monthly rent expense under the lease is \$16,000 per month, plus payments of all utilities, janitorial expenses, routine maintenance costs, and costs of insurance for Cables Unlimited’s business operations and equipment. During the fiscal year ended October 31, 2023, we paid a total of \$208,000 under the leases.

During fiscal 2023, we paid royalties to Elmec Ltd. (“Elmec”), a European-based company that owns the intellectual property that is used in Schrofftech’s products. One third of Elmec is jointly owned by David Therrien and Richard DeFelice, two of the former owners and current President and Vice President, respectively, of Schrofftech. For the year ended October 31, 2023, we paid a total of \$24,000 of royalty payments to Elmec. The expenses related to these transactions are included in cost of goods sold.

Note 13 – Cash dividend and declared dividends

We did not pay any dividends during fiscal year 2023, nor during fiscal year 2022.

Note 14 – Commitments

We adopted ASU 2016-02 on November 1, 2019, and elected the practical expedient modified retrospective method whereby the lease qualification and classification was carried over from the accounting for leases under ASC 840. The lease contracts for the corporate headquarters, RF Connector division manufacturing facilities, Cables Unlimited, Rel-Tech, and C Enterprises commenced prior to the effective date of November 1, 2019, and were determined to be operating leases. All other new contracts have been assessed for the existence of a lease and for the proper classification into operating leases. The rate implicit in the leases was undeterminable and, therefore, the discount rate used in all lease contracts is our incremental borrowing rate.

We have operating leases for corporate offices, manufacturing facilities, and certain storage units. Our leases have remaining lease terms of one year to five years. A portion of our operating leases are leased from K&K Unlimited, a company controlled by Darren Clark, the former owner and current President of Cables Unlimited, to whom we make rent payments totaling \$16,000 per month.

We also have other operating leases for certain equipment. The components of our facilities and equipment operating lease expenses for the period ended October 31, 2023 were as follows (in thousands):

	Fiscal Year Ended October 31, 2023
Operating lease cost	\$ 2,872
Short-term lease cost	1

Other information related to leases was as follows (in thousands):

	<u>October 31, 2023</u>	<u>October 31, 2022</u>
Supplemental Cash Flows Information		
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 6,479	\$ 13,352
Weighted Average Remaining Lease Term		
Operating leases (in months)	114.26	113.72
Weighted Average Discount Rate		
Operating leases	6.96%	3.75%

Future minimum lease payments under non-cancellable leases as of October 31, 2023 were as follows (in thousands):

<u>Year ended October 31,</u>	<u>Operating Leases</u>
2024	\$ 2,404
2024	2,827
2025	2,877
2027	2,929
Thereafter	17,874
Total future minimum lease payments	28,911
Less imputed interest	(8,313)
Total	\$ 20,598
Reported as of October 31, 2023	
Other current liabilities	\$ 1,314
Operating lease liabilities	19,284
Total	\$ 20,598

As of October 31, 2023, operating lease right-of-use asset was \$15.7 million and operating lease liability totaled \$20.6 million, of which \$1.3 million is classified as current. There were no finance leases as of October 31, 2023.

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.

RF INDUSTRIES, LTD.

Date: January 29, 2024

By: /s/ ROBERT D. DAWSON
Robert D. Dawson
President and Chief Executive Officer

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 and on the dates indicated.

Date: January 29, 2024

By: /s/ ROBERT D. DAWSON
Robert D. Dawson, Director, President and Chief Executive Officer
(Principal Executive Officer)

Date: January 29, 2024

By: /s/ PETER YIN
Peter Yin, Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Date: January 29, 2024

By: /s/ MARK K. HOLDSWORTH
Mark Holdsworth, Chairman of the Board of Directors

Date: January 29, 2024

By: /s/ SHERYL CEFALI
Sheryl Cefali, Director

Date: January 29, 2024

By: /s/ GERALD T. GARLAND
Gerald Garland, Director

Date: January 29, 2024

By: /s/ KAY L. TIDWELL
Kay L. Tidwell, Director

CERTAIN INFORMATION IDENTIFIED WITH [*] HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.**

THIS MANAGED CLIENT AGREEMENT is made on 27 June 2023 | 21:55 CEST (the “**Commencement Date**”) between (1) the Client and (2) IWG (each as defined below). This Managed Client Agreement is comprised of the Key Terms, the Terms and Conditions, and the Schedules and Annexes attached hereto and incorporated herein by this reference (all together, the “**Agreement**”).

Key Terms	
IWG (“IWG”, “we”, “our”, “ourselves”, or “us”)	RGN-MCA San Diego II , LLC, a Delaware limited liability company, whose address is at 15305 North Dallas Parkway, 12 th floor, Addison, Texas 75001. Email: noticeprovisions@iwgplc.com Attention: The Directors
Client (the “Client”, “you”, “your”, or “yourself”)	RF Industries LTD, a NV corporation, whose address is at 16868 Via Del Campo Ct, San Diego CA 92127. Email: rbibisi@rfindustries.com Attention: Ray Bibisi
Building	16868 Via Del Campo CT, San Diego CA 92127
Premises	The area of 39,979 square feet on the 1st and 2nd floor(s) of the Building, as shown on the attached floor plan in Annex 2.
Parking Spaces	45 mutually agreed upon spaces in the parking facility of the Building in the agreed locations.
Brand	Regus
IWG Platform Fee	A platform fee to be paid to IWG for access to the IWG global platform system and services, calculated in accordance with the provisions of Schedule 3 as: <ul style="list-style-type: none"> • [***] • [***] • [***]
IWG Management Fee	A management fee to be paid to IWG for the management of the Premises, calculated as [***] in accordance with the provisions of Schedule 3.
Center Set Up Cost	[***] USD

June 16, 2023 12:41:50 am

IWG and the Client hereby agree to the following additional Key Terms and/or modifications to the Terms and Conditions:

Building Ownership: The Client is not the Building Owner and accordingly does not have ultimate control over or responsibility for all aspects of the Building. Accordingly, notwithstanding anything to the contrary in this Agreement, IWG and the Client agree that:

(a) in relation to the obligations imposed on the Client in section 3.1, such obligations shall apply only to the Premises and those other parts of the Building that are owned, leased, occupied and/or used by the Client or its affiliates and/or which are necessary for the provision of the Services (the “Client Controlled Areas”), provided that the Client shall use best efforts to cause the Building Owner to comply with the provisions of section 3.1;

(b) in relation to the obligation imposed on the Client in section 3.4 to have insurance for the Building, such obligation shall apply only in respect of the Client Controlled Areas, though the Client shall cause that the Building Owner to maintain appropriate insurance of the Building against the Insured Risks; and

(c) in section 4.1(c) and (d), reference to the "Premises" shall be understood as references to the "Client Controlled Areas";

(d) the reference to rules and regulations in section 4.2 shall include rules and regulations promulgated by the Building Owner and delivered to the Client.

Center Set Up Cost: Section 1.3 is deleted and replaced with: “[***].”

Modification of Section 1.2 (No Auto-Renewal): Section 1.2 is deleted and replaced with “The Initial Term and any renewal term that may be agreed between the parties in a signed amendment (if applicable) are, together, the “Term” of the Agreement.”

No Exterior Signage: Notwithstanding section 3.1(d), Client shall not be required to erect signage on the outside of the Building.

[***]Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

IWG Insurance: IWG will maintain general liability insurance under its general liability insurance policy and will maintain workers compensation insurance (as may be required by law) in relation to its employees. IWG's general liability insurance policy will name the Client and Building Owner (if different than the Client) as additional insured. Upon request by the Client, IWG shall provide a certificate of insurance evidencing IWG's general liability insurance described above prior to the Opening Date.

Limited Trademark Use: Subsection 12.4(v) is deleted and replaced with the following: "(v) shall not use the IWG Trade Marks for any purpose; provided however, that IWG hereby consents to [***]."

Modification to Section 20.1: The phrase "the Client" is deleted and replaced with "each of IWG and the Client" in section 20.1.

Break Right Based on Client Net Revenue: If at the 4th anniversary of the date on which the Premises first opens for business (the "**Break Review Point**") the total, aggregate Client Net Revenue paid or payable by IWG to the Client in accordance with Schedule 3 during the [***] period immediately prior to the Break Review Point is less than [***] and provided the operation of the Premises and/or provision of Services during [***] period has not been materially adversely impacted by a Force Majeure Event, the Client may terminate this Agreement upon [***] notice to IWG, which notice must be given within [***] of the Break Review Point. For the avoidance of doubt, the parties acknowledge and agree that: (1) termination by the Client pursuant to this provision is a termination for convenience, not for breach, and shall be without liability to IWG, and (2) this provision is strictly without prejudice to section 20 of the Terms and Conditions and nothing in this provision is intended to or shall operate as a representation, undertaking, guarantee, or warranty (either express or implied) in relation to the Gross Revenue or Client Net Revenue to be generated or expected to be generated under the Agreement.

Termination Based on Cost of Works: As at the Commencement Date, the Client estimates that its total costs in relation to carrying out the Works pursuant to Schedule 4 will be \$550,000 ("**Current Estimate**"). The Client will have [***] from the Commencement Date (the "**Estimating Period**") to finalize its total estimated Works costs ("**Finalized Estimate**"). If the Client reasonably determines that the Finalized Estimate exceeds 125% of the Current Estimate, then the Client may terminate this Agreement by giving written notice to IWG, which notice must be given within the Estimating Period. Upon request, the Client shall provide to IWG evidence that the Final Estimate exceeds the Current Estimate for IWG's review and confirmation. For the avoidance of doubt, the parties acknowledge and agree that: (i) termination under this provision shall be without either party incurring any liability in respect thereof, but shall be without prejudice to any accrued rights or remedies, (ii) this provision is strictly without prejudice to section 20 of the Terms and Conditions and nothing in this provision is intended to or shall operate as a representation, undertaking, guarantee or warranty (either express or implied) in relation to the actual costs to be incurred by the Client in relation to carrying out the Works, and (iii) upon any such termination, IWG and the Client shall have no further rights or obligations under this Agreement, except that IWG shall return [***] of the Center Set Up Cost to the Client.

Clarification of Break Right Based on Client Net Revenue: The parties desire to include an example of date calculations in the Break Right Based on Client Revenue provision. As such, as an example, if the date on which the Premises first opens for business is June 1, 2023, then the 4th anniversary of the date on which the Premises first opened for business, also defined as the Break Review Point, is June 1, 2027, and the [***] prior immediately prior to the Break Review Point would be [***].

Modification of Break Right Based on Client Net Revenue: In the Break Right Based on Client Net Revenue provision, the phrase "within [***] of the Break Review Point" is deleted and replaced with "within [***] after the Client's receipt of the Statement for the Revenue Period that includes the Break Review Point."

Janitorial Service: Notwithstanding anything to the contrary, the parties agree that (a) the Client shall have no obligation to provide janitorial service to the Premises and (b) to the extent IWG provides janitorial service to the Premises, the cost of such janitorial service shall be an Operating Cost.

Modification of Section 4 (Access): IWG's access rights under Section 4.1(b) of the Terms and Conditions are subject to Force Majeure Events as described in Section 14 of the Terms and Conditions and to repair and maintenance obligations of the Client under Section 3.1(a) of the Terms and Conditions.

Clarification of Section 6.3: The parties agree that termination by IWG pursuant to Section 6.3 of the Terms and Conditions is a termination for convenience (not breach) and such termination shall be without liability to the Client.

Modification to Schedule 3 (No Invoice): Section 3a) of Schedule 3 is deleted and replaced with the following: Within [***] of the end of each Revenue Period ("**Payment Date**"), IWG shall deliver a Statement ("**Statement**") in the form set out in Annex 1 detailing the amount of Gross Revenue for that Revenue Period, the calculation of the payment of Gross Revenue and the Client Net Revenue, along with payment of the Client Net Revenue due to Client as shown on the Statement. Within [***] after receipt of the Statement, the Client shall calculate whether the amount of Client Net Revenue paid to the Client for such Revenue Period is (a) correct or (b) incorrect, in which case the Client shall serve written demand on IWG explaining the error and demanding any excess due (the "**Excess**").

Modification to Building Ownership Provision: The phrase "best efforts" is deleted and replaced with "commercially reasonable efforts" in the Building Ownership provision subsection (a), and the phrase "shall cause" is deleted and replaced with "shall use commercially reasonable efforts" in the Building Ownership provision subsection (b).

Restatement of Section 2.1 of Schedule 4: As stated in Section 2.1 of Schedule 4: "The Client will procure the carrying out of the Works at its own cost in accordance with the provisions of Schedule 4. IWG will provide the Client with the IWG Fit Out Standards and the parties will use all reasonable efforts to agree on the Specification as soon as reasonably practicable following the Commencement Date."

WHEREAS this Agreement has been entered into by the parties on the day and year first above written:

RGN-MCA San Diego II , LLC
by a person who is acting under the authority
of and is duly authorized to represent the company

By: /s/ Michael Bonham
Authorized signatory

Authorized Person
Print Title

Michael Bonham
Print name

RF Industries LTD
by a person who is acting under the authority
of and idly authorized to represent the company

By: /s/ Peter Yin
Authorized signatory

Chief Financial Officer
Print Title

Peter Yin
Print name

TERMS AND CONDITIONS

1 Term and Payments

- 1.1 This Agreement shall have full force and effect on and from the Commencement Date and shall (unless it is terminated in accordance with its terms) continue in force for a period of [***] from the Commencement Date (the "**Initial Term**").
- 1.2 Unless terminated earlier in accordance with its terms (including this section 1.2), this Agreement shall automatically extend for a period of [***] (the "**Renewal Term**") at the end of the Initial Term and (if applicable) at the end of each Renewal Term. If a party does not wish for this Agreement to continue for a Renewal Term, it must give written notice of termination to the other party no earlier than six (6) months and no later than three (3) months before the end of the Initial Term (or then-current Renewal Term, as the case may be), such notice period not to expire before the end of the Initial Term (or then-current Renewal Term, as the case may be). The Initial Term and any Renewal Term (if applicable) are, together, the "**Term**" of this Agreement.
- 1.3 On the Commencement Date, the Client shall pay the Center Set Up Cost to IWG or its nominee.
- 1.4 IWG shall pay the Client Net Revenue to the Client in accordance with Schedule 3 and shall be entitled to deduct the Operating Costs, the IWG Platform Fee and the IWG Management Fee from Gross Revenue.

2 Provision of Services by IWG

- 2.1 IWG shall from the Opening Date commence and provide the Services at the Premises.
- 2.2 IWG shall undertake the Services:
 - (a) exercising all reasonable professional skill and care and in an efficient and competent manner consistent with a reasonably experienced manager of serviced office facilities;
 - (b) in accordance with good industry practice;
 - (c) using appropriately experienced, suitably skilled, and trained personnel; and
 - (d) so as to incur Operating Costs prudently and in a manner consistent with the manner in which IWG manages comparable IWG-managed business centers under the same Brand in the State taking into account factors such as the size of the Premises, occupancy, and available inventory.
- 2.3 IWG will procure the engagement of the Employees who will, unless agreed otherwise by the parties, be engaged by IWG. The Employees will be suitably qualified and experienced to undertake the relevant work.

3 Client Undertakings

- 3.1 The Client will:
 - (a) keep the whole of the Building in good, working, legally-compliant and substantial repair and condition and properly cleaned, including; (a) the Premises, (b) the exterior and structural elements and components of the Building (including foundation, roof, exterior windows and doors), (c) all mechanical, electrical, plumbing and fire/life safety systems serving the Building (including the HVAC system and elevators), (d) all common areas of the Building, and (e) landscaped areas, parking areas and structures, paved areas, sidewalks and drives at or serving the Building;
 - (b) provide customary air-conditioning and central heating services to the Premises and the common parts of the Building as required for the comfortable occupancy thereof in season during standard office hours and, upon request, outside of standard service hours in accordance with IWG Group's standard ways of working in operating its network of serviced offices and flexible workspace business centers, from time to time;

- (c) maintain, light, and operate the common parts and central facilities to the Building;
 - (d) erect signage for the Brand both inside and outside the Building as is agreed between the parties and in accordance with the Brand standards; and
 - (e) make available such other services and/or facilities as would normally be provided for the benefit of tenants and occupiers in a well-run multi-occupied professional office building let on modern institutional terms.
- 3.2 The Client shall deliver the Premises to IWG in a condition such that upon setting up accounts with utility companies (e.g., water, electricity, gas, and internet), the Premises will be served by electricity, natural gas (if applicable), water, sewer, and internet and telephone service with the level of such services reasonably sufficient for the operation of the Premises in accordance with IWG Group's standard ways of working in operating its network of serviced offices and flexible workspace business centers from time to time.
- 3.3 The Client will be responsible for payment of all Property Costs.
- 3.4 The Client shall cause the Building to be insured against the Insured Risks (either by effecting and maintaining such insurance itself, or (if the Client is not the Building Owner) procuring such insurance is effected and maintained by the Building Owner), shall also effect and maintain public liability / general liability insurance, and arrange any other insurance cover that is compulsory or required by law or is prudent given the location of the Building. The Client shall procure that the interest of IWG is noted on the insurance policy(s) and will upon reasonable request from time to time produce to IWG a copy or full details of the policies of insurance and evidence that they are in force and that all premiums have been fully paid.
- 3.5 The Client shall procure the construction, fit-out and furnishing of the Premises in accordance with the IWG Fit-Out Standards and the Specification and otherwise as set out in Schedule 4 (the "**Works**").

4 Use of the Building

- 4.1 The Client permits IWG:
- (a) to use the Premises without interference for the provision of the Services such that the Premises will form part of the IWG Group's international network of serviced offices and flexible workspace business centers;
 - (b) all necessary rights of access to the Premises (including by elevator), which shall be 24-hour, 7 day a week access;
 - (c) the right to use and enjoy the common parts and facilities of the Building intended for the common use and enjoyment of the tenants and occupiers of it;
 - (d) to use such parts of the Building and to access such parts through the Building for the installation and maintenance of dishes, aerials, communication equipment and other equipment that IWG may reasonably require to install, the positioning of any such equipment to be first approved by the Client such approval not to be unreasonably withheld or delayed;
 - (e) all other rights necessary or convenient for the management of the Premises;
 - (f) if identified in the Key Terms, the right to use the Parking Spaces; and
 - (g) the right to pass on to serviced office occupiers of the Premises the benefit of such rights as appropriate.
- 4.2 In exercising such rights, IWG shall comply with the reasonable written rules and regulations made by the Client in relation to the Premises and/or the Building and notified in writing to IWG from time to time.
- 4.3 The Client will ensure that no action is taken by any of the Client's employees and/or sub-contractors, or the Building Owner (if applicable), which could hinder the proper provision of the Services in accordance with this Agreement.

5 Competition

During the Term and for a period of [***] thereafter, the Client shall not, and shall procure that any affiliated Building Owner shall not, in respect of any other space in the Building or in any neighboring building owned by the Client or the Building Owner:

- (a) use or let such space be used as serviced offices, flexible workspace or co-working space or as virtual offices, nor permit any third party to carry on any such business in the Building or any neighboring building; nor
- (b) let such space for a term of less than [***] or a term of [***] which includes a right to terminate the arrangement during the first year.

6 Termination

6.1 Either the Client or IWG (as the case may be) may at any time by notice in writing to the other terminate this Agreement in its entirety as from the date of service of such notice if the other:

- (a) shall commence a voluntary case or action under federal or state bankruptcy laws, or any other insolvency or similar laws; or
- (b) shall cease to carry on all or substantially all of its business or shall stop payment of debts generally save, in either case, for the purposes of a solvent reconstruction or amalgamation; or
- (c) shall pass a resolution or an order shall be made, for its winding up, receivership (including administrative receivership), bankruptcy or dissolution, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, or custodian (or other similar official); or
- (d) shall make any assignment for the benefit of creditors.

6.2 If either the Client or IWG (the “**Defaulting Party**”) is in material breach of its obligations in this Agreement, the other party (the “**Non-Defaulting Party**”) may send a notice to the Defaulting Party providing full details of the breach and requiring the Defaulting Party to remedy the breach as soon as practicable and to take reasonable steps to ensure that such breach does not persist or recur. If at the expiration of twenty (20) Working Days after service of such notice the breach has not been remedied (or sooner if reasonable) to the reasonable satisfaction of the Non-Defaulting Party, the Non-Defaulting Party shall be entitled to terminate this Agreement with immediate effect upon service of a further notice in writing to that effect on the Defaulting Party.

6.3 If: (a) the Client or the Building Owner (as applicable) disposes of its interest in the Building to any party that is not an Acceptable Person; (b) any direct or indirect interest of the Client or the Building Owner (as applicable) is transferred to a party that is not an Acceptable Person; or (c) the Client, or its shareholders, affiliates, directors or other officers, or the Building Owner (as applicable), is or becomes a person that IWG is prevented from doing business with by reason of any legal or regulatory requirement, IWG shall have the right (but not obligation) to terminate the Agreement immediately.

6.4 Upon termination, and without further notice, all Services (including the provision of any memberships) will cease; all use of IWG Trade Marks will cease; and any related signage and collateral of any sort shall and must be removed from the Building and Premises within thirty (30) days of termination, and any related digital collateral shall and must be deactivated, disabled, or revised to remove the IWG Trade Marks within fourteen (14) days of termination.

6.5 Upon expiration or termination for any reason, IWG may (but will not be obligated to) accommodate customers at another location within IWG Group’s network of serviced offices.

6.6 Termination under sections 6.1, 6.2 or 6.3 shall not prejudice or affect any right of action or remedy which shall have accrued to any party.

7 Rights of Inspection for the Client

IWG agrees with the Client that it shall permit the Client and those authorized by the Client at all reasonable times upon reasonable prior notice (except in cases of emergency where only as much notice as possible is required) to visit the Premises:

- (a) to view and examine the state and condition of the Premises;

- (b) to carry out any repairs or works of maintenance which the Client reasonably deems necessary at the Premises; or
- (c) for any other reasonable purpose connected with the management of or the interest of the Client in the Building,

subject in each case to as little inconvenience and disturbance as practicable being caused to IWG and its customers and the Client making good all damage caused at its own cost and to IWG's reasonable satisfaction.

8 Warranties

8.1 The Client warrants and undertakes to IWG that:

- (a) it has full power, capacity, and interest in the Premises to enter into this Agreement;
- (b) it has the full right to occupy and use the Premises and to grant IWG the rights and permissions herein (including as set out in section 4, and the right to appoint IWG to perform the Services in and at the Premises) in accordance with this Agreement;
- (c) it has the requisite power and authority to enter into and perform its obligations under this Agreement, and this Agreement when executed shall constitute valid, lawful, and binding obligations on it, enforceable in accordance with the terms herein;
- (d) the Premises may lawfully be used as premises from and at which the Business may be operated, and there are no restrictions (including in respect of planning permissions, local authority approvals, building controls, regulatory requirements, or finance, mortgage or loan facility agreements or arrangements) that would prevent, restrict or limit the Business from being operated at the Premises in accordance with the terms of this Agreement and/or IWG performing any of its rights or obligations under this Agreement; and
- (e) if the consent, approval, permission, or agreement of any third party (including the Building Owner, if applicable) is required by the Client before it can enter into this Agreement, in order for the Business to commence and/or for the Client to perform its obligations and/or grant any rights or permissions hereunder, the Client has obtained, and shall for the duration of the Term maintain, all such consents, approvals, permissions or agreements.

8.2 IWG warrants and undertakes to the Client that:

- (a) it has the requisite power and authority to enter into and perform its obligations under this Agreement, and this Agreement when executed shall constitute valid, lawful, and binding obligations on it, enforceable in accordance with the terms herein; and
- (b) except for any licenses and authorizations required to be obtained by the Client under section 8.1, it has secured the necessary licenses and authorizations to conduct business in the State and to perform the Services under this Agreement.

9 Assignment

9.1 Except as permitted by this section 9, IWG shall not be entitled to assign, transfer, lease, sublease, license, charge, novate or otherwise deal with its interest in this Agreement.

9.2 IWG may assign this Agreement or any of its obligations under this Agreement to another member of the IWG Group and may contract with an IWG Group member to provide the services contemplated by this Agreement.

9.3 IWG may, notwithstanding any other provision in this Agreement, use the Premises as flexible workspaces including serviced office accommodation, co-working executive/shared office spaces, meeting room suites, virtual offices and/or business lounges and may part with possession or occupation of the whole, part or parts of the Premises in the course of its business as a supplier of serviced business office accommodation and associated services by means of a license or service agreement. IWG shall be under no obligation to provide the Client with copies of any license or occupation agreement entered into by IWG.

9.4 The Client shall not be entitled to assign, novate or dispose of any interest (in whole or in part) in this Agreement except to any successor in title to the Client's title or interest in the Building. This Agreement shall bind any of the Client's successors in title or interest to the Building and the Client shall procure that any such successor in title or interest shall enter into any such direct covenants with IWG as IWG may reasonably require.

10 Sales Tax

10.1 All sums payable or consideration provided under this Agreement are expressed to be exclusive of Sales Tax and where any taxable supply is to be made pursuant to this Agreement, Sales Tax properly chargeable thereon shall be paid by the recipient of such supply in addition to the amounts (if any) provided for under this Agreement subject to prior receipt by the recipient of such supply of a valid Sales Tax invoice.

11 Late Payments

If any payment due under this Agreement is not made within ten (10) Working Days of its due date, interest shall be payable thereon at the Prescribed Rate calculated on a daily basis from the due date until the date of payment.

12 Intellectual Property

12.1 IWG is entitled to use, in relation to the Services, the name, logo and trademarks and other intangible assets associated therewith including the Brand, IWG Fit Out Standards and Specifications and all copyright and other rights in all concepts, designs and other material used by the IWG Group from time to time ("**IWG Trade Marks**").

12.2 IWG Trade Marks (and all associated goodwill) and all copyright and other rights in all concepts, designs and other material used in the provision of the Services shall be and remain the property of IWG (or the applicable member of the IWG Group). Nothing in this Agreement shall confer on the Client any rights or ownership in relation to IWG Trade Marks or the copyright or other rights referred to above.

12.3 The Client shall not cause or permit anything to be done which may damage or impair IWG's rights in IWG Trade Marks and associated reputation and goodwill.

12.4 The Client acknowledges and agrees that it: (i) shall not use the IWG Trade Marks in any manner, including in any manner likely to diminish the commercial value of the IWG Trade Marks; (ii) shall not permit any third party to use the IWG Trade Marks; (iii) shall not at any time oppose, seek cancellation of or take any action whatsoever, directly or indirectly, which may prejudice the validity to IWG (or to the applicable owner's) title to or right to use, the IWG Trade Marks, or create any rights adverse to those of IWG; (iv) shall not use or permit the use of any mark, name or image likely to cause confusion with any of the IWG Trade Marks; and (v) shall not use the IWG Trade Marks for any purpose. The Client acknowledges that any and all goodwill derived from any use of the IWG Trade Marks on behalf of the Client or in connection with the operation of the Premises shall inure to the benefit of IWG or the owner of such IWG Trade Marks. Nothing in this Agreement shall be deemed to confer upon the Client any right, title or interest in or to the IWG Trade Marks without IWG's prior written consent, which consent shall be granted or withheld in IWG's sole discretion, including the right to use any of the IWG Trade Marks. Upon termination or expiration of this Agreement for any reason, all authorization for use of the IWG Trade Marks in connection with the operation of the Premises shall automatically and immediately cease. This section shall survive the expiration or earlier termination of this Agreement.

13 Independent Contractor

In providing the Services IWG is acting as an independent contractor of the Client and no provision of this Agreement shall be taken to mean or imply the existence of any relationship of employment, agency, franchise, landlord and tenant, partnership or joint venture between IWG and the Client.

14 Force Majeure

14.1 Neither party shall be liable for any failure to carry out its obligations under this Agreement (excluding, however, financial inability to pay) if and to the extent that such failure is due to the occurrence of a Force Majeure Event.

14.2 The party affected by such a Force Majeure Event shall promptly notify the other party in writing. Where the Force Majeure Event so notified continues so as to prevent the performance of this Agreement for one hundred and twenty (120) days following such notice then either party shall have the right to terminate this Agreement without liability for breach of contract in respect of such termination.

15 Confidentiality

Each party undertakes that it will not during the term of this Agreement or at any time thereafter without the consent of the other party disclose the terms of this Agreement to any person or company unless:

- (a) such terms have become public knowledge other than by a breach of this provision;
- (b) disclosure is required by any law, court order or the rules and regulations of any stock exchange or other administrative governmental or regulatory authority to which such party may be subject; or
- (c) disclosure is to a prospective assignee or transferee of the Agreement or to such party's lenders, prospective lenders, or legal, financial, or other professional advisers, provided that such persons agree to be bound by the same duties of confidentiality as are contained in this provision.

16 Waiver

Any waiver given by any party in relation to any term of this Agreement shall only be effective if given in writing. No failure on the part of any party to exercise, nor any delay in exercising any right, power or remedy shall impair the same or operate as or be construed as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy.

17 Amendments

No variation or amendment of this Agreement shall be effective unless made in writing and signed by both parties.

18 Notices

Any demands and notices to be served in accordance with this Agreement shall be in writing and delivered by national overnight courier or by hand to the address of the relevant party specified in the Key Terms (with a copy sent by prepaid post and by email to the email address set out in the Key Terms) or to such other address as may be specified in writing by one party to the other from time to time.

19 Severability

If any provision of this Agreement shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this Agreement which shall remain in full force and effect. In the event any provision of the Agreement is invalid or unenforceable under applicable law, IWG and the Client shall use their respective commercially reasonable efforts to negotiate and agree upon a substitute provision which is valid and enforceable and achieves to the greatest extent possible the economic, legal and commercial objectives of such invalid or unenforceable provision.

20 Entire Agreement

- 20.1 The parties acknowledge and agree that this Agreement constitutes the whole agreement between the parties whether in writing or oral, relating to its subject matter and supersedes and extinguishes any prior drafts, agreements, undertakings, promises, assurances, warranties, representations and understandings between the parties, whether written or oral, relating to its subject matter and the Client unconditionally and irrevocably agrees that, to the extent allowed by law, it shall have no rights or remedies in respect of any statement, representation (including fraudulent misrepresentation), assurance or warranty (whether made innocently or negligently) that is not set out in this Agreement.
- 20.2 The Client represents and warrants to IWG and acknowledges that in entering into this Agreement it is not relying upon and has not been induced to enter into this Agreement by, any pre-contractual statement including any written or oral pre-contractual statements or agreements, financial statements, profit projections, representations, warranties, inducements, assurances, or promises (whether made innocently or negligently) relating to the subject matter of this Agreement.

20.3 No representations or warranties, express or implied are given in, or in respect of, any forecast or any further information supplied. In no circumstances, to the fullest extent permitted by law, will IWG, or any member of the IWG Group, be responsible or liable for any direct, indirect, or consequential loss or loss of profit arising from reliance on the information contained herein or any other information containing forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. Reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. The Client is cautioned not to place undue reliance on any forward-looking statements.

21 Rights of Third Parties

Unless expressly provided for in this Agreement, no term is enforceable by any person who is not a party to it.

22 Jurisdiction

Each party irrevocably agrees that the courts of the state or federal court of the State have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims, excluding any conflicts of laws, rules or principal that might refer the governance or the construction of this Agreement to the law of another jurisdiction.). Without prejudice to the foregoing, each party shall nevertheless have the right to apply at any time for injunctive, other interlocutory or emergency relief to any competent court of jurisdiction, in the State.

23 Governing Law

This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of the State without regard to the State's conflict of laws; provided, however, that nothing in this provision shall subject the relationship of the parties herein to any statute that would not have applied but for this provision, including state dealer protection or franchise statutes.

24 Language

This Agreement has been prepared and agreed in the English language. In the event this Agreement is translated into any other language and there is a conflict between the original English version and the translation, the original English version shall be authoritative and binding between the parties. All legal proceedings shall be conducted where possible in English.

25 Conflict

If there is any conflict or ambiguity between the terms of this Agreement, such conflict or ambiguity shall be resolved by giving precedence and priority to the terms in the following order (from highest priority to lowest priority): (i) the Key Terms; (ii) the main body of the Terms and Conditions; (iii) the Schedules to the Terms and Conditions (in the order they appear); and (iv) the Annexes to the Terms and Conditions (in the order they appear).

26 Indemnifications

- 26.1 To the maximum extent permitted by law, IWG and Client each shall indemnify, defend (with counsel reasonably acceptable to the other party), protect and hold the other party and the other party's general and limited partners, trustees, beneficiaries, employees, officers, directors, affiliates, heirs, successors and assigns harmless from and against any and all claims, damages, penalties, and other liabilities and expenses brought or sought by third parties, together with reasonable attorneys' fees and defense costs incurred by the indemnified party in connection therewith, to the extent resulting from any gross negligence or willful misconduct by the indemnifying party, excluding, however, any claims, damages, penalties, and other liabilities and expenses that would be covered by insurance required to be carried under this Agreement.
- 26.2 Notwithstanding any provision of this Agreement to the contrary, neither party shall be liable to the other party for any lost or prospective profits or any indirect, consequential, special, incidental, punitive, or other exemplary losses or damages, whether in tort, contract or otherwise, regardless of the foreseeability or the cause thereof, except that, for sake of clarity, the foregoing does not extend to claims for such losses or damages that are made by third parties and covered by the indemnification provisions of section 26.1.

26.3 This section shall survive the expiration or earlier termination of this Agreement.

27 Miscellaneous

- 27.1 In the computation of any period of time for this Agreement, the day of the act or event from which the period of time runs shall be excluded and the last day of such period shall be included, unless it is a Saturday, Sunday or legal holiday, in which case the period shall be deemed to run until the end of the next day which is not a Saturday, Sunday, or legal holiday.
- 27.2 In the event of litigation with regard to this Agreement, the prevailing party in such litigation shall be awarded its reasonable attorneys' fees and court costs actually incurred therein from the non-prevailing party, measured by the extent that such party in fact prevails in each claim or defense asserted by it. **IWG AND THE CLIENT each hereby waives any right to trial by jury in any proceeding based upon a breach of this Agreement.** Delay in declaring a default or in taking action for a default shall not constitute a waiver of the default or an estoppel.
- 27.3 This Agreement may be executed in multiple counterparts, each of which, when assembled to include an original signature for each party contemplated to sign this Agreement, will constitute a complete and fully executed original. All such fully executed counterparts will collectively constitute a single agreement. The Client and IWG each expressly agrees that if the signature of any party on this Agreement is not an original, but is a digital, mechanical or electronic reproduction (such as, but not limited to, a photocopy, fax, e-mail, PDF, Adobe image, JPEG, telegram, telex or telecopy or generated by electronic signature software such as DocuSign), then such digital, mechanical or electronic reproduction shall be as enforceable, valid and binding as, and the legal equivalent to, an authentic and traditional ink-on-paper original wet signature penned manually by its signatory.

SCHEDULE 1
Definitions and Interpretation

1. Definitions:

In this Agreement each of the Key Terms shall have the meanings attributed to them in the above schedule and the following expressions shall have the following meanings:

Acceptable Person means a person who: (a) is not, and does not have any affiliate who is, a Competing Business or an affiliate of a Competing Business; (b) is not directly or indirectly engaged, concerned, or interested in a Competing Business; and (c) IWG is not prevented from doing business with by reason of any legal or regulatory requirement (or an affiliate of such a person);

Account Records means all books and other documents, or records kept by IWG to ascertain and verify the Gross Revenue;

Building Owner means the person that owns the fee simple title to the Building (if not the Client);

Business means the provision of flexible workspaces operating under the Brand including, without limitation, serviced office accommodation, co-working office spaces, meeting room suites, virtual offices and/or business lounges, at the Premises;

Client Net Revenue has the meaning given in Schedule 3;

Competing Business means any business that is similar to or in competition with the Business, including any business offering serviced office accommodation, co-working executive/shared office spaces, meeting room suites, virtual offices and/or business lounges within the United States, but excluding any Conventional Leasing Business;

Conventional Leasing Business means a business which involves the letting or sub-letting of commercial real-estate which: (A) does not involve the letting or sub-letting of space for a term of less than one (1) year or a term of one (1) year or more which includes the right to terminate the arrangement during the first year of the arrangement; and (B) is not marketed or promoted as offering flexible workspace, serviced offices or co-working space (or similar), and does not provide any ancillary services similar to those provided in the Business;

Deposits means the security deposits payable by customers in respect of their Service Agreements; **Employees** means the employees engaged to work in the Business;

Equipment means such items and equipment, including office and telecommunication equipment and information technology, needed in order for IWG to provide the Services at the Premises in accordance with the provisions of this Agreement;

Force Majeure Event means an event beyond the reasonable control of the party concerned, including war (declared or undeclared), acts of God, terrorism, earthquake, accidents, explosion, fire, floods, abnormal weather conditions, epidemic or pandemic or acts of government or other agencies (including for the avoidance of doubt any mandatory measure imposed by government or other agencies for the prevention or delay of the spread of any epidemic or pandemic disease which prevents or limits use or access to the Premises by IWG (including its employees) and its customers);

Gross Revenue means the aggregate of all sums of money or other consideration received or receivable for all goods or services (including food and beverages) sold or performed by the Business excluding Sales Tax and less the amount accounted for as customer bad debt of the Business in the relevant Revenue Period. Gross Revenue shall also (x) include the proceeds of any insurance payment specifically paid to reimburse IWG or the Client for loss of fees and proceeds with respect to the Premises, and (y) exclude any proceeds received and collected from (i) the financing or sale of any portion of the Building, (ii) the condemnation or taking by eminent domain (or transfer in lieu thereof) of all or any portion of the Building, (iii) except as otherwise provided herein, insurance policies, (iv) any extraordinary or nonrecurring event (other than the net proceeds from any litigation or other proceeding to collect fees or other reimbursable expenses, after deducting related expenses), and interest thereon, (v) service retainers (to the extent not applied to the payment of fees), and (vi) except as otherwise provided herein, interest on bank accounts;

Insured Risks means usual risks such as fire, explosion, storm, earthquake, lightning impact, subsidence, ground slip, riot, civil commotion, and malicious damage, bursting or overflow of water apparatus and all other normal commercial perils to the Building's full reinstatement value;

IWG Group means IWG plc (incorporated in Jersey under Company No. 122154) and any subsidiary or related body corporate which is controlled by IWG plc or any holding company of IWG plc;

IWG Trade Marks has the meaning given in section 12.1 of the Terms and Conditions;

Opening Date means the date falling three (3) Working Days after the Satisfaction Date, or such earlier date as agreed in writing by the parties;

Operating Costs has the meaning given in Schedule 3;

Prescribed Rate means the rate of two percent (2%) per annum above the prime rate established by Bank of America, N.A., or if it is not available, the prime rate of a comparable national bank;

Property Costs means building rates, property service charges (if applicable) and utilities;

Revenue Period means each quarter (being March, 31st, June 30th, September 30th and December 31st) except that the first Revenue Period shall be a period from and including the Opening Date and expiring on the end of that quarter and the final Revenue Period shall end on the last day of the term of this Agreement;

Sales Tax means any sales taxes and other similar taxes under applicable law; **Satisfaction Date** has the meaning given in Schedule 4;

Services means the services detailed in Schedule 2, as updated, amended or varied from time to time in line with IWG's standard ways of working in operating its network of serviced offices and flexible workspace business centers and/or to reflect changes in the services offered more generally by the IWG Group to its customers;

Service Agreements means agreements substantially in the form of the IWG Group's usual customer service agreement entered into with customers as amended from time to time;

State means the state in which the Building is located;

Statement has the meaning given in Schedule 3;

Term has the meaning given in section 1.1 of the Terms and Conditions;

Working Day means Monday to Friday excluding any day which is public or bank holiday in the State;

Works has the meaning given in section 3.5 of the Terms and Conditions.

2. Interpretation:

For the purposes of this Agreement:

Annexes, sections, and Schedules: references to Annexes, sections and Schedules are references to annexes, sections and/or schedules of this Agreement; and

The use of the term "**including**" in this Agreement and the Schedules and Annexes hereto shall mean in all cases "including but not limited to" or "including, without limitation," unless specifically designated otherwise.

Titles and Heading: titles and headings shall be disregarded.

**SCHEDULE 2
SERVICES**

IWG will provide the following services (if appropriate) for the operation of the Business:

1. The provision of one or more of the following: serviced office accommodation, co-working office spaces, meeting room facilities, virtual offices and/or business lounges at the Premises together with a range of support services including telecoms and information technology.
2. Management and operation of the Business which will include:
 - (i) An IT platform that:
 - (a) [***]
 - (b) [***]
 - (c) [***]
 - (ii) [***]
 - (iii) [***]
 - (iv) [***]
 - (v) [***]
 - (vi) [***]
 - (vii) [***]
 - (viii) [***]
 - (ix) [***]
 - (x) [***]
 - (xi) [***]
 - (xii) [***]
 - (xiii) [***]

**SCHEDULE 3
CALCULATION OF FEES AND CLIENT NET REVENUE**

1. APPLICATION OF GROSS REVENUE

Within [***] of the end of each [***] IWG shall apply and distribute [***] for each [***] in the following order:

1. [***]
2. [***]
3. [***]

[***], including but not limited to the costs of the following:

A. [*]**

Cost	Description
1. [***]	[***]
2. [***]	[***]
3. [***]	[***]
4. [***]	[***]
5. [***]	[***]
6. [***]	[***]

7. [***]	[***]

B. [*]**

Cost	Description
1. [***]	[***]
2. [***]	[***]
3. [***]	[***]
4. [***]	[***]

For the avoidance of doubt, [***] do not include any [***] which are all to be incurred and borne by the Client.

2. UNPAID COSTS

- a) In respect of each [***] if the amount of the [***] is insufficient to discharge the whole of the [***] for that period, then [***] for the relevant [***].
- b) In respect of each [***] if the amount of the [***] is insufficient to discharge the whole of the [***] and the [***] for that period then [***] for the relevant [***].

- c) Upon expiration or termination of this Agreement for whatever reason, the [***] shall be borne exclusively by the Client and the Client shall pay to IWG any [***] and [***].

3. VERIFICATION PROCESS

- a) Within [***] of the end of each [***] (“**Payment Date**”), IWG shall deliver a Statement (the “**Statement**”) in the form set out in Annex 1 detailing the amount of [***] for that [***], the calculation of the payments from [***] and the [***]. Within [***] after receipt of the Statement the Client shall calculate whether the amount of the [***] paid to the Client for such [***] is (a) correct, in which case the Client shall submit an invoice to IWG for the [***] specified in the Statement; or (b) incorrect, in which case the Client may serve a written demand on IWG explaining the error and demanding any [***].
- b) Save in case of manifest error from the Client, the [***] shall be paid by IWG to the Client within [***] of receipt of the written demand. If IWG reasonably believes that has been manifest error, it will explain its position in writing to the Client and the parties shall meet in good faith to attempt to agree on a solution.
- c) Notwithstanding anything in this Schedule, each party maintains the right to challenge anything in a Statement within [***] of the relevant Statement being issued and otherwise the Statement shall be final and conclusive.

4. IWG’S ACCOUNTING PROVISIONS

IWG shall keep the Account Records complete and accurate in all material respects and shall retain them for [***] after the end of each Revenue Period. IWG shall make the Account Records available for inspection at all reasonable times upon not less than [***] written notice by a representative of the Client (duly authorized in writing by the Client to make such inspection) provided that the Client shall not request such inspection more than once in any [***] period.

**SCHEDULE 4
WORKS**

1. DEFINITIONS

- 1.1 **Approvals** means all consents, licenses, permissions, and approvals of any person with an interest in the Premises, any occupiers of the Building, and State, local or other applicable government authority to enable the lawful commencement and completion of the Works including (if the Works are destroyed or damaged) the repair or replacement of such works and the term “Approval” shall be construed accordingly;
- 1.2 **Consultants** means the architect, designer, contractor, supplier and such other professionals and persons employed or retained by the Client in relation to the Works;
- 1.3 **IWG Fit Out Standards** means the Brand standards and specifications set out in the design and fit out manual subject to change from time to time; and
- 1.4 **Specification** means the specification, plans and drawings for the fit out of the Premises.

2. WORKS

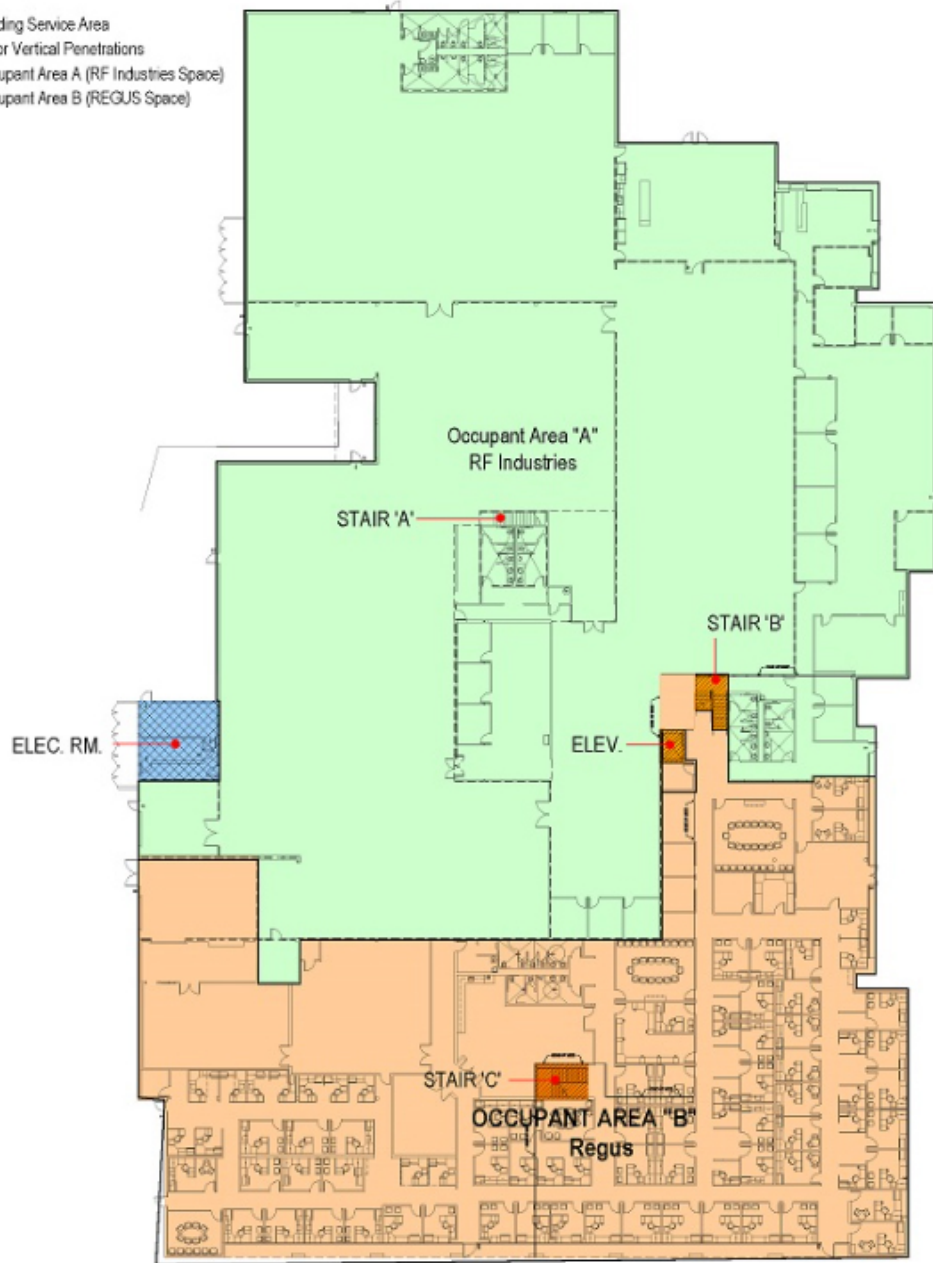
- 2.1 The Client will procure the carrying out of the Works at its own cost in accordance with the provisions of this Schedule 4. IWG will provide the Client with the IWG Fit Out Standards and the parties will use all reasonable efforts to agree on the Specification as soon as reasonably practicable following the Commencement Date.
- 2.2 In the event that the parties agree that IWG shall manage the Works, the Client will pay IWG an additional fee to be agreed for the project management of the Works and the Client shall indemnify IWG against all losses incurred in connection with its appointment as project manager of the Works.
- 2.3 The Client shall pay and contract with all third-party contractors and suppliers directly. The Client will procure the preparation and submission of applications for all the Approvals required by all agencies having jurisdiction over the Works (if any) which are required in connection with the Works. The Client will obtain IWG’s approval of the applications for all the Approvals and the Approvals themselves, such approval not to be unreasonably withheld or delayed.
- 2.4 The Client shall supply to IWG such information in connection with the Works as IWG may reasonably require from time to time.
- 2.5 Once the Approvals are obtained, the Client shall diligently and promptly procure the carrying out of the Works:
 - (a) by reputable and licensed (as required) Consultants;
 - (b) in a good and workmanlike manner and in accordance with good building practice;
 - (c) with good and suitable materials;
 - (d) in accordance with all Approvals and the Specification;
 - (e) in accordance with the IWG Fit Out Standards; and
 - (f) in accordance with all relevant statutory requirements.
- 2.6 IWG shall be entitled to view the state and progress of the Works and to inspect the workmanship and the materials used.
- 2.7 The Client shall use all reasonable efforts to procure that the Works are completed as soon as practicable following the Commencement Date. The Client shall notify IWG when it has completed all the Works. Within ten (10) Working Days of receipt of such notice, IWG shall confirm in writing whether it is satisfied that the Works are complete (the “**Satisfaction Date**”) or alternatively provide reasonable details of the further works needed to complete the Works. If the Satisfaction Date has not occurred by the date falling twelve (12) months from the Commencement Date, then IWG may on ten (10) Working Days' notice to the Client terminate this Agreement whereupon at the expiration of such notice this Agreement shall automatically cease and terminate but without prejudice to any right which any party may have against the other for any antecedent breach.

**Annex 1
Form of Client Statement**

Gross Revenue		X
[***]		
A. [***]		
1. [***]	(X)	
2. [***]	(X)	
3. [***]	(X)	
4. [***]	(X)	
5. [***]	(X)	
6. [***]	(X)	
7. [***]	(X)	
		(X)
B. [***]		
1. [***]	(X)	
2. [***]	(X)	
3. [***]	(X)	
4. [***]	(X)	
		(X)
[***]		(X)
[***]		(X)
[***]		(X)
[***]		X

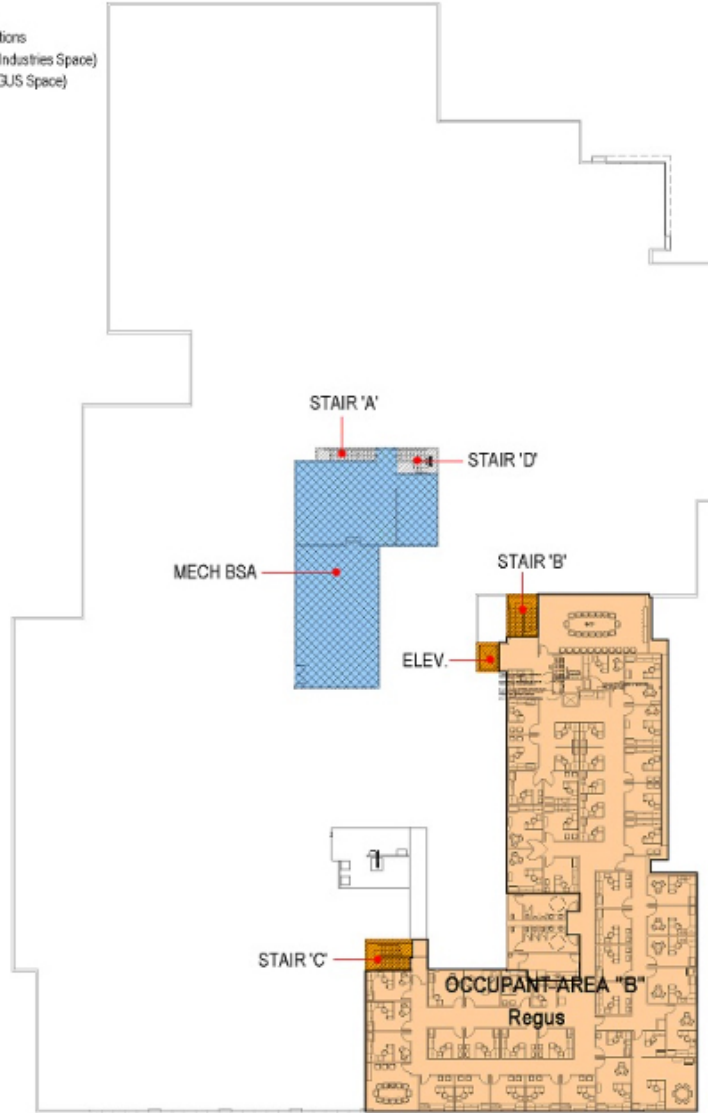
Annex 2
Floor Plans
1st Floor

-  Building Service Area
-  Major Vertical Penetrations
-  Occupant Area A (RF Industries Space)
-  Occupant Area B (REGUS Space)



**Annex 2
Floor Plans
2nd Floor**

- Building Service Area
- Major Vertical Penetrations
- Occupant Area A (RF Industries Space)
- Occupant Area B (REGUS Space)





AMENDMENT NO. 2 TO LOAN AGREEMENT

This Amendment No. 2 to Loan Agreement (the "Amendment") dated as of January 26, 2024 and effective as of January 26, 2024 is between Bank of America, N.A. (the "Bank") and RF Industries, Ltd., a Nevada corporation (the "Borrower").

RECITALS

A. The Bank and the Borrower entered into a certain Loan Agreement dated as February 25, 2022 (together with any previous amendments, "Agreement"). The current Facility No. 1 Commitment is \$3,000,000.00, and the current principal amount outstanding under the Facility No. 2 Commitment is \$12,758,000.00.

B. The Bank and the Borrower desire to amend the Agreement.

AGREEMENT

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

2. Amendments. The Agreement is hereby amended as follows:

2.1 Paragraph 2.1(a) is amended in its entirety to read as follows:

"(a) During the availability period described below, the Bank will provide a line of credit to the Borrower (the 'Line of Credit'). The amount of the Line of Credit (the 'Facility No. 1 Commitment') is Five Hundred Thousand and No/100 Dollars (\$500,000.00)."

2.2 Paragraph 2.4(b) is amended in its entirety to read as follows:

"(b) The 'BSBY Daily Floating Rate' means a fluctuating rate of interest which can change on each Banking Day. The rate will be adjusted on each Banking Day to equal the BSBY Screen Rate for U.S. Dollar deposits two (2) U.S. Government Securities Business Days prior to the date of determination for a one month term beginning on that date; provided that if such rate is not published on such determination date then the rate will be the BSBY Screen Rate on the first U.S. Government Securities Business Day immediately prior thereto. If such rate is not available at such time for any reason or the Bank makes the determination to incorporate or adopt a new interest rate to replace the BSBY Daily Floating Rate in credit agreements, then the Bank may replace the BSBY Daily Floating Rate with an alternate interest rate and adjustment, if applicable, as reasonably selected by the Bank, giving due consideration to any evolving or then existing conventions for such interest rate and adjustment (any such successor interest rate, as adjusted, the 'Daily Rate Successor Rate'). In connection with the implementation of the Daily Rate Successor Rate, the Bank will have the right, from time to time, in good faith to make any conforming, technical, administrative or operational changes to this Agreement as may be appropriate to reflect the adoption and administration thereof and, notwithstanding anything to the contrary herein or in any other loan document, any amendments to this Agreement implementing such conforming changes will become effective upon notice to the Borrower without any further action or consent of the other parties hereto. If at any time the BSBY Daily Floating Rate or any Daily Rate Successor Rate is less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

BSBY will cease immediately after it is published on Friday, November 15, 2024. BSBY will be replaced at cessation (or potentially an earlier date as may be allowed in the loan documents) with a new rate in accordance with the language in the loan documents, including any applicable notice requirements. The new rate may be based on SOFR or another rate, and it may include a credit spread adjustment. The new rate plus any applicable adjustment may be higher or lower than BSBY.

2.3 The following is hereby added to the Agreement as a new Paragraph 3.4(d):

“(d) The Borrower shall make an additional principal payment in the amount of One Million and No/100 Dollars (\$1,000,000.00) on March 1, 2024. This payment is in addition to, and not in lieu of, the monthly payments due under Paragraph 3.4(b) above.”

2.4 Paragraph 8.5 is amended in its entirety to read as follows:

“8.5 Minimum EBITDA.

To maintain at least the amounts indicated for each period specified below:

<u>Period</u>	<u>Amount</u>
For the quarter ending October 31, 2023	\$ (400,000.00)
For the quarter ending April 30, 2024	\$ 1,000,000.00
For the quarter ending July 31, 2024	\$ 1,000,000.00

‘EBITDA’ means net income, less income or plus loss from discontinued operations and unusual and infrequent items, including non-recurring expenses related to acquisition, (agreed to at the sole discretion of the Bank), plus non-cash stock compensation, plus income taxes, plus interest expense, plus depreciation, depletion, and amortization.”

2.5 Paragraph 8.24 is amended in its entirety to read as follows:

“8.24 Minimum Liquidity.

(a) Until September 21, 2023, to maintain Liquidity of at least \$4,000,000.00.

(b) From September 22, 2023 and thereafter, to maintain Liquidity of at least \$2,000,000.00.

This covenant to be measured each week upon receipt of the 4-week cash flow projection, at which time the prior week-end Liquidity will be tested.

‘Liquidity’ for each week is defined as the Ending Cash Balance plus the amount of borrowing availability under Facility 1.

'Ending Cash Balance' is defined as week-end cash balance as shown on the Borrower's 4-week cash forecast."

2.6 The following is hereby added to Schedule 4.1 of the Agreement as a new item (f):

“(f) Additional Fee

If Facility No. 1 Commitment and the Facility No. 2 Commitment are not repaid in full on or before March 1, 2024, then the Borrower shall pay the Bank an additional fee in an amount equal to one percent (1.00%) of the collective outstanding principal balances of the Facility No. 1 Commitment and the Facility No. 2 Commitment as of March 1, 2024. This fee is due on March 2, 2024.”

3. Representations and Warranties. When the Borrower signs this Amendment, the Borrower represents and warrants to the Bank that: (a) there is no event which is, or with notice or lapse of time or both would be, a default under the Agreement except those events, if any, that have been disclosed in writing to the Bank or waived in writing by the Bank; (b) the representations and warranties in the Agreement are true as of the date of this Amendment as if made on the date of this Amendment; (c) this Amendment does not conflict with any law, agreement, or obligation by which the Borrower is bound; (d) if the Borrower is a business entity or a trust, this Amendment is within the Borrower's powers, has been duly authorized, and does not conflict with any of the Borrower's organizational papers; (e) as of the date of this Amendment and throughout the term of the Agreement, no Borrower or guarantor, if any, is (1) an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), (2) a plan or account subject to Section 4975 of the Internal Revenue Code of 1986 (the “Code”); (3) an entity deemed to hold “plan assets” of any such plans or accounts for purposes of ERISA or the Code; or (4) a “governmental plan” within the meaning of ERISA; and (f) as of the date of this Amendment, the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects. “Beneficial Ownership Certification” means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

4. Conditions. This Amendment will be effective when the Bank receives the following items, in form and content acceptable to the Bank:

4.1. Borrower shall have executed and delivered to the Bank this Agreement, and each guarantor shall have executed and delivered to the Bank the Consent and Reaffirmation attached hereto.

4.2. If the Borrower or any guarantor is anything other than a natural person, evidence that the execution, delivery and performance by the Borrower and/or such guarantor of this Amendment and any instrument or agreement required under this Amendment have been duly authorized.

4.3. A \$500,000.00 paydown of the Line of Credit (reducing the outstanding balance from \$1,000,000.00 to \$500,000.00).

4.4. Payment by the Borrower of all costs, expenses and attorneys' fees (including allocated costs for in-house legal services) incurred by the Bank in connection with this Amendment.

4.5. Upon the request of the Bank, the Borrower shall have provided to the Bank, and the Bank shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable “know your customer” and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act.

4.6. If the Borrower that qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, the Borrower shall have delivered, to the Bank, a Beneficial Ownership Certification in relation to the Borrower.

5. Effect of Amendment. Except as provided in this Amendment, all of the terms and conditions of the Agreement, including, but not limited to, the Dispute Resolution Provision, shall remain in full force and effect.

6. Counterparts. This Amendment may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

7. General Release. In consideration of this Amendment, the Borrower hereby releases and forever discharges the Bank and the Bank's, respective predecessors, successors, assigns, officers, managers, directors, employees, agents, attorneys, representatives, and affiliates (collectively referred to as the "Bank Group"), from any and all presently existing claims, demands, damages, liabilities, actions and causes of action of any nature whatsoever, including, without limitation, all claims, demands, and causes of action for contribution and indemnity, whether arising at law or in equity, whether known or unknown, whether liability be direct or indirect, liquidated or unliquidated, whether absolute or contingent, foreseen or unforeseen, and whether or not heretofore asserted, which the Borrower may have or claim to have against any of the Bank Group arising out of facts or events in any way related to the Agreement and all documents executed in connection therewith (collectively with the Agreement, the "Loan Documents") and/or the loan transactions evidenced thereby and which have occurred on or on or prior to the date hereof.

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR
RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER
FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY
HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT
WITH THE DEBTOR OR RELEASED PARTY.

8. Electronic Records and Signatures. This Amendment and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Amendment (each a "Communication"), including Communications required to be in writing, may, if agreed by the Bank, be in the form of an Electronic Record and may be executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. The Borrower agrees that any Electronic Signature (including, without limitation, facsimile or .pdf) on or associated with any Communication shall be valid and binding on the Borrower to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered to the Bank. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Bank may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of the Bank's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Bank is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Bank pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Bank has agreed to accept such Electronic Signature, the Bank shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of any Obligor without further verification and (b) upon the request of the Bank any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

9. FINAL AGREEMENT. BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF; (B) THIS DOCUMENT SUPERSEDES ANY COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS RELATING TO THE SUBJECT MATTER HEREOF, UNLESS SUCH COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS EXPRESSLY PROVIDES TO THE CONTRARY; (C) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES; AND (D) THIS DOCUMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

[Signatures on following page(s).]

This Amendment is executed as of the date stated at the beginning of this Amendment.

Bank of America, N.A.

RF Industries, Ltd.,
a Nevada corporation

By: /s/ Gordon W. Wiens

Name: Gordon W. Wiens

Title: Senior Vice President

By: /s/ Peter Yin

Name: Peter Yin

Title: Chief Financial Officer

CONSENT AND REAFFIRMATION OF GUARANTORS AND PLEDGORS

Each of the undersigned (collectively referred to as the "Credit Support Providers") is a guarantor of, and/or is a pledgor of collateral for, the Borrower's obligations to the Bank under the Agreement. Each Credit Support Provider hereby (i) acknowledges and consents to the foregoing Amendment, (ii) reaffirms its obligations under its respective guaranty in favor of the Bank and/or under any agreement under which it has granted to the Bank a lien or security interest in any of its real or personal property, and (iii) confirms that such guaranty and other agreements, including but not limited to the Dispute Resolution Provision, remain in full force and effect, without defense, offset, or counterclaim. (Capitalized terms used herein shall have the meanings specified in the foregoing Amendment.)

Although each of the undersigned has been informed of the terms of the Amendment, each understands and agrees that the Bank has no duty to so notify it or any other guarantor/pledgor or to seek this or any future acknowledgment, consent or reaffirmation, and nothing contained herein shall create or imply any such duty as to any transactions, past or future.

In consideration of the foregoing amendment, each Credit Support Provider hereby releases and forever discharges the Bank and the Bank's, respective predecessors, successors, assigns, officers, managers, directors, employees, agents, attorneys, representatives, and affiliates (collectively referred to as the "Bank Group"), from any and all presently existing claims, demands, damages, liabilities, actions and causes of action of any nature whatsoever, including, without limitation, all claims, demands, and causes of action for contribution and indemnity, whether arising at law or in equity, whether known or unknown, whether liability be direct or indirect, liquidated or unliquidated, whether absolute or contingent, foreseen or unforeseen, and whether or not heretofore asserted, which such Credit Support Provider may have or claim to have against any of the Bank Group arising out of facts or events in any way related to the Loan Documents and/or the loan transactions evidenced thereby and which have occurred on or on or prior to the date hereof. Each Credit Support Provider hereby specifically waives the benefit of California Civil Code Section 1542 which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR
RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER
FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY
HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT
WITH THE DEBTOR OR RELEASED PARTY.

Dated as of January 26, 2024.

Rel-Tech Electronics, Inc.,
a Connecticut corporation

By: /s/ Peter Yin
Name: Peter Yin
Title: Chief Financial Officer

Cables Unlimited, Inc.,
a New York corporation

By: /s/ Peter Yin
Name: Peter Yin
Title: Chief Financial Officer

C Enterprises, Inc.,
a California corporation

By: /s/ Peter Yin
Name: Peter Yin
Title: Chief Financial Officer

Schroff Technologies International, Inc.,
a Rhode Island corporation

By: /s/ Peter Yin
Name: Peter Yin
Title: Chief Financial Officer

Microlab/FXR LLC,
a New Jersey limited liability company

By: RF Industries, Ltd.,
a Nevada corporation,
its Sole Member

By: /s/ Peter Yin
Name: Peter Yin
Title: Chief Financial Officer

Subsidiaries

RF Industries, Ltd. owns 100% of the capital stock of each of the following subsidiaries:

- Cables Unlimited, Inc., a New York corporation
- Rel-Tech Electronics, Inc., a Connecticut corporation
- C Enterprises, Inc., a California corporation
- Schroff Technologies International, Inc., a Rhode Island corporation
- Microlab/FXR LLC, a New Jersey limited liability company

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements on Form S-3 (No. 333-260851) and Form S-8 (Nos. 333-248791, 333-207569, 333-114932, 333-62188, 333-169490, 333-205748 and 333-220561) of RF Industries, Ltd. and Subsidiaries, of our report dated January 29, 2024 on our audits of the consolidated financial statements of RF Industries, Ltd. and Subsidiaries as of October 31, 2023 and 2022 and for the years then ended, included in this Annual Report on Form 10-K of RF Industries, Ltd. and Subsidiaries for the year ended October 31, 2023.

/s/ CohnReznick LLP

Tysons, Virginia
January 29, 2024

**CERTIFICATIONS PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Robert D. Dawson, certify that:

1. I have reviewed this report on Form 10-K for the fiscal year ended October 31, 2023 of RF Industries, Ltd.;

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(s) 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 control 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 fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to 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.

Date: January 29, 2024

/s/ Robert D. Dawson

Robert D. Dawson

President and Chief Executive Officer

**CERTIFICATIONS PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Peter Yin, certify that:

1. I have reviewed this report on Form 10-K for the fiscal year ended October 31, 2023 of RF Industries, Ltd.;

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(s) 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 control 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 fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to 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.

Date: January 29, 2024

/s/ Peter Yin

Peter Yin

Chief Financial Officer

(Principal Financial Officer)

CERTIFICATION PURSUANT TO

18 U.S.C. § 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of RF Industries, Ltd. (the "Company") on Form 10-K for the fiscal year ended October 31, 2023, as filed with the Securities and Exchange Commission (the "Report"), I, Robert D. Dawson, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (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.

Date: January 29, 2024

/s/ Robert D. Dawson

Robert D. Dawson

President and Chief Executive Officer

CERTIFICATION PURSUANT TO

18 U.S.C. § 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of RF Industries, Ltd. (the “Company”) on Form 10-K for the fiscal year ended October 31, 2023, as filed with the Securities and Exchange Commission (the “Report”), I, Peter Yin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (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.

Date: January 29, 2024

/s/ Peter Yin

Peter Yin

Chief Financial Officer

RF INDUSTRIES, LTD.
POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED INCENTIVE COMPENSATION

(Adopted December 1, 2023)
(Effective, October 2, 2023)

1. INTRODUCTION

RF Industries, Ltd. (the “*Company*”) is adopting this policy (this “*Policy*”) to provide for the Company’s recovery of certain Incentive Compensation (as defined below) erroneously awarded to Affected Officers (as defined below) under certain circumstances.

This Policy is administered by the Compensation Committee (the “*Committee*”) of the Company’s Board of Directors (the “*Board*”). The Committee shall have full and final authority to make any and all determinations required or permitted under this Policy. Any determination by the Committee with respect to this Policy shall be final, conclusive and binding on all parties. The Board may amend or terminate this Policy at any time.

This Policy is intended to comply with Section 10D of the Securities and Exchange Act of 1934, as amended (the “*Exchange Act*”), Rule 10D-1 thereunder and the applicable rules of any national securities exchange on which the Company’s securities are listed (the “*Exchange*”) and will be interpreted and administered consistent with that intent.

2. EFFECTIVE DATE

This Policy shall apply to all Incentive Compensation paid or awarded on or after the date of adoption of this Policy, and to the extent permitted or required by applicable law.

3. DEFINITIONS

For purposes of this Policy, the following terms shall have the meanings set forth below:

“*Affected Officer*” means any current or former “officer” as defined in Exchange Act Rule 16a-1, and any other senior executives as determined by the Committee.

“*Erroneously Awarded Compensation*” means the amount of Incentive Compensation received that exceeds the amount of Incentive Compensation that otherwise would have been received had it been determined based on the Restatement, computed without regard to any taxes paid. In the case of Incentive Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Restatement, the amount shall reflect a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive Compensation was received, as determined by the Committee in its sole discretion. The Committee may determine the form and amount of Erroneously Awarded Compensation in its sole discretion.

“*Financial Reporting Measure*” means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures, whether or not such measure is presented within the financial statements or included in a filing with the Securities and Exchange Commission. Stock price and total shareholder return are Financial Reporting Measures.

“Incentive Compensation” means any compensation that is granted, earned or vested based in whole or in part on the attainment of a Financial Reporting Measure. For purposes of clarity, base salaries, bonuses or equity awards paid solely upon satisfying one or more subjective standards, strategic or operational measures, or continued employment are not considered Incentive Compensation, unless such awards were granted, paid or vested based in part on a Financial Reporting Measure.

“Restatement” means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (i.e., a “Big R” restatement), or that would result in a material misstatement if the error was corrected in the current period or left uncorrected in the current period (i.e., a “little r” restatement).

4. RECOVERY

If the Company is required to prepare a Restatement, the Company shall seek to recover and claw back from any Affected Officer reasonably promptly the Erroneously Awarded Compensation that is received by the Affected Officer:

- (i) after the person begins service as an Affected Officer;
- (ii) who serves as an Affected Officer at any time during the performance period for that Incentive Compensation;
- (iii) while the Company has a class of securities listed on the Exchange; and
- (iv) during the three completed fiscal years immediately preceding the date on which the Company was required to prepare the Restatement (including any transition period within or immediately following those years that results from a change in the Company’s fiscal year, provided that a transition period of nine to 12 months will be deemed to be a completed fiscal year).

For purposes of this Policy:

- Erroneously Awarded Compensation is deemed to be received in the Company’s fiscal year during which the Financial Reporting Measure specified in the Incentive Compensation is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period; and
- the date the Company is required to prepare a Restatement is the earlier of (x) the date the Board, the Committee or any officer of the Company authorized to take such action concludes, or reasonably should have concluded, that the Company is required to prepare the Restatement, or (y) the date a court, regulator, or other legally authorized body directs the Company to prepare the Restatement.

For purposes of clarity, in no event shall the Company be required to award any Affected Officers an additional payment or other compensation if the Restatement would have resulted in the grant, payment or vesting of Incentive Compensation that is greater than the Incentive Compensation actually received by the Affected Officer. The recovery of Erroneously Awarded Compensation is not dependent on if or when the Restatement is filed.

5. SOURCES OF RECOUPMENT

To the extent permitted by applicable law, the Committee may, in its discretion, seek recoupment from the Affected Officer(s) through any means it determines, which may include any of the following sources: (i) prior Incentive Compensation payments; (ii) future payments of Incentive Compensation; (iii) cancellation of outstanding Incentive Compensation; (iv) direct repayment; and (v) non-Incentive Compensation or securities held by the Affected Officer. To the extent permitted by applicable law, the Company may offset such amount against any compensation or other amounts owed by the Company to the Affected Officer.

6. LIMITED EXCEPTIONS TO RECOVERY

Notwithstanding the foregoing, the Committee, in its discretion, may choose to forgo recovery of Erroneously Awarded Compensation under the following circumstances, provided that the Committee (or a majority of the independent members of the Board) has made a determination that recovery would be impracticable because:

- (i) The direct expense paid to a third party to assist in enforcing this Policy would exceed the recoverable amounts; provided that the Company has made a reasonable attempt to recover such Erroneously Awarded Compensation, has documented such attempt and has (to the extent required) provided that documentation to the Exchange;
- (ii) Recovery would violate home country law where the law was adopted prior to November 28, 2022, and the Company provides an opinion of home country counsel to that effect to the Exchange that is acceptable to the Exchange; or
- (iii) Recovery would likely cause an otherwise tax-qualified retirement plan to fail to meet the requirements of the Internal Revenue Code of 1986, as amended.

7. NO INDEMNIFICATION OR INSURANCE

The Company will not indemnify, insure or otherwise reimburse any Affected Officer against the recovery of Erroneously Awarded Compensation.

8. NO IMPAIRMENT OF OTHER REMEDIES

This Policy does not preclude the Company from taking any other action to enforce an Affected Officer's obligations to the Company, including termination of employment, institution of civil proceedings, or reporting of any misconduct to appropriate government authorities. This Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and Chief Financial Officer.

ATTESTATION AND ACKNOWLEDGEMENT OF POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

By my signature below, I acknowledge and agree that:

- I have received and read the attached RF Industries, Ltd. Policy for the Recovery of Erroneously Awarded Compensation (as may be amended, restated, supplemented or otherwise modified from time to time, this “Policy”). Any capitalized terms used in this Acknowledgment without definition shall have the meaning set forth in the Policy.
- I am fully bound by, and subject to, all of the terms and conditions of the Policy. In the event of any inconsistency between the Policy and the terms of any employment agreement to which I am a party, or the terms of any compensation plan, program or agreement under which any compensation has been granted, awarded, earned or paid, the terms of the Policy shall govern.
- In the event it is determined by the Administrator that any amounts granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company, I hereby agree to abide by all of the terms of this Policy both during and after my employment with the Company, including, without limitation, by promptly repaying or returning any Erroneously Awarded Compensation to the Company as determined in accordance with this Policy.

Date:

Agreed and Acknowledged

[Name of Executive Officer]