Risk Factors Comparison 2024-01-29 to 2023-01-24 Form: 10-K

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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** ~~on- going COVID- 19 public health pandemic is adversely affecting, and is expected to continue to adversely~~ affect **both** ~~, certain aspects of our business. The COVID- 19 pandemic, and the reactions of governmental and other~~ -- **the Company** ~~authorities to contain, mitigate or combat the pandemic, which have severely restricted the level of economic activity around the world, have impacted, and are expected to continue to impact, our operations, and the nature, extent and duration of the impact of the COVID- 19 pandemic or any future disease or adverse health condition is highly uncertain and beyond our control. In response to the COVID- 19 pandemic, Federal, state and local governmental agencies have taken and may again take preventative or protective actions, such as imposing restrictions on travel and business operations. The COVID- 19 pandemic and the government~~ ' s ~~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 ~~it~~ 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 ~~provides~~ **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 reaction~~ --- **ratio not** to ~~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. ~~In the event that~~ **On September 12,2023,** we ~~are unable~~ **entered into Amendment No.1 and Waiver** to ~~pay our obligations on the Credit Facility on a timely basis,maintain the financial covenants under~~ the Loan Agreement **("** ~~or otherwise defaults on its obligations under the~~ Loan ~~Agreement~~ **Amendment No.1 ")** , **which,among** ~~the Credit Facility Lender the~~ **other** ~~pandemic~~ **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 ~~significantly slowed capital expenditures in the primary markets for~~ or otherwise renegotiate the terms of our Credit Facility ~~our~~ or ~~products, which has~~ refinance the Credit Facility otherwise our failure to comply with these covenants could ~~resulted~~ result in a ~~significant reduction in demand~~ 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 ~~for~~ forth therein ~~our products~~. ~~Although we~~ Any event that could require us to repay debt prior to its due date could have a material adverse ~~implemented measures to mitigate the~~ impact ~~of the COVID- 19 pandemic~~ on our ~~business,~~ financial condition and results of operations ~~, including reducing our expenses in certain areas of our business, these measures will not fully mitigate the adverse impact of the COVID- 19 pandemic on our business, financial condition~~ and may affect ~~results of operations. We cannot predict the degree to, or~~ our ~~the period over~~ ability to continue as a going concern. Further , ~~which~~ any renegotiation, refinancing or additional indebtedness that we ~~will~~ 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 ~~the COVID- 19 pandemic and resulting governmental and other measures. However~~, including prevailing ~~we expect that the~~ economic ~~effects of the COVID- 19 pandemic may continue~~, 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 ~~demand~~ 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 ~~our products for the foreseeable future~~. 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. The acquisition of Microlab will affect both...... Company and certain of its subsidiaries. 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 ~~recent~~ 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, ~~2022~~ **2023** , a wireless carrier customer accounted for approximately ~~20~~ **10** % of total sales **and** ~~. The same customer~~ had **no** accounts receivable ~~balances that accounted for 14 % of the total net accounts receivable balance at October 31, 2022~~ . Another distributor customer accounted for **approximately** ~~less than~~ 10 % of total sales and for ~~19~~ **11** % of the total net accounts receivable. For the year ended October 31, ~~2021~~ **2022** , the same wireless carrier accounted for approximately ~~21~~ **20** % of total sales, and a distributor accounted for ~~11~~ **less than 10** % of total sales. These two customers' accounts receivable balances each accounted for approximately ~~28~~ **14** % and ~~8~~ **19** % of the total net accounts receivable balance at October 31, ~~2021~~ **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 ~~all of the~~ 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 ~~% and 4~~ % of our net sales during the years ended October 31, **2023 and** 2022 ~~and 2021~~, 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 ~~experienced~~ **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 ~~and 2021~~, 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 ~~2022~~ **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. ~~The~~ **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, ~~2022~~ **2023**, we had 10, ~~193~~ **343**, ~~287~~ **223** shares of common stock outstanding. In addition, we had outstanding options for the purchase of ~~686~~ **750**, ~~962~~ **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, ~~2022~~ **2023**, we also had ~~916~~ **703**, ~~369~~ **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