

# Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

## Microwave Filter Company, Inc.

6743 Kinne Street, East Syracuse, New York 13057

(315) 438-4700

[www.microwavefilter.com](http://www.microwavefilter.com)

[dick-j@microwavefilter.com](mailto:dick-j@microwavefilter.com)

3663

## Quarterly Report

For the period ending December 31, 2023

### Outstanding Shares

The number of shares outstanding of our Common Stock was: 2,576,166

2,576,166 as of December 31, 2023

2,576,166 as of September 30, 2023

### Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes:  No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:  No:

### Change in Control

Indicate by check mark whether a Change in Control<sup>4</sup> of the company has occurred during this reporting period:

Yes:  No:

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<sup>4</sup> "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

Microwave Filter Company, Inc.

Current State and Date of Incorporation or Registration: New York, 1967

Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

None

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

Address of the issuer's principal executive office:

6743 Kinne Street, East Syracuse, NY 13057

Address of the issuer's principal place of business:

*Check if principal executive office and principal place of business are the same address:*

\_\_\_\_\_

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No:  Yes:  If Yes, provide additional details below:

\_\_\_\_\_

**2) Security Information**

**Transfer Agent**

Name: Microwave Filter Company, Inc.

Phone: 315-438-4758

Email: [dick-j@microwavefilter.com](mailto:dick-j@microwavefilter.com)

Address: 6743 Kinne Street, East Syracuse, New York 13057

**Publicly Quoted or Traded Securities:**

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol: mfco  
Exact title and class of securities outstanding: common  
CUSIP: 595176108  
Par or stated value: \$.10  
Total shares authorized: 5,000,000 as of date: 12/31/2023  
Total shares outstanding: 2,576,166 as of date: 12/31/2023  
Total number of shareholders of record: 434 as of date: 12/31/2023

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

\_\_\_\_\_

**Other classes of authorized or outstanding equity securities that do not have a trading symbol:**

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security: \_\_\_\_\_  
Par or stated value: \_\_\_\_\_  
Total shares authorized: \_\_\_\_\_ as of date: \_\_\_\_\_  
Total shares outstanding: \_\_\_\_\_ as of date: \_\_\_\_\_  
Total number of shareholders of record: \_\_\_\_\_ as of date: \_\_\_\_\_

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

\_\_\_\_\_

**Security Description:**

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

\_\_\_\_\_ dividends when approved by board, 1 vote per share, no preemption rights \_\_\_\_\_

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

\_\_\_\_\_ None \_\_\_\_\_

3. Describe any other material rights of common or preferred stockholders.

None

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None

### 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

#### A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No:  Yes:  (If yes, you must complete the table below)

Shares Outstanding Opening Balance:			*Right-click the rows below and select "Insert" to add rows as needed.						
Date	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)							
Date <u>9/30/2022</u>	Common: <u>2,577,512</u>	Preferred: _____							
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>8/15/2023</u>	<u>Returned to treasury</u>	<u>1346</u>	<u>common</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>unrestricted</u>	<u>n/a</u>
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Shares Outstanding on Date of This Report:									
Date <u>12/31/2023</u>	Common: <u>2,576,166</u>	Ending Balance: _____							

Preferred: \_\_\_\_\_

**Example:** A company with a fiscal year end of December 31<sup>st</sup> 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022 through December 31, 2023 pursuant to the tabular format above.

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

\_\_\_\_\_

## B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No:  Yes:  (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *** You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

\_\_\_\_\_

## 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on [www.OTCMarkets.com](http://www.OTCMarkets.com).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Established in 1967 in East Syracuse, New York, MFC occupies a modern 40,000 square foot facility with an impressive complement of analytical and design software, test instrumentation, prototype and manufacturing equipment to create passive filters, components and sub systems in the frequency range of 10 MHz to 50 GHz. MFC manufactures radio frequency (RF) filters and related components for eliminating interference and facilitating

signal processes for such markets as Cable Television, Broadcast, Commercial and Military Communications, Avionics, Radar, Navigation and Defense. The Company designs waveguide, stripline/microstrip, transmission line, miniature/subminiature and lumped constant filters. Configurations include bandpass, highpass, lowpass, bandstop, multiplexers, tunable notch, tunable bandpass, high power filters, amplitude equalized, delay equalized and filter networks. The Company actively produces over 1,700 standard products and has designed more than 5,000 custom products for specialized applications.

The manufacturing facility includes a modern CAD system, a test department with automated network analyzers to 50 GHz, a high capacity conveyor soldering oven and a fully compliant finishing operation. The Company's Quality Management System has been ISO 9001:2015 recognizing the Company as a quality vendor. Efficient Computer simulation, design and analysis software enhanced by proprietary MFC developed software, allow rapid and accurate filter development at reasonable cost. Automated network analyzers provide rigorous product testing and performance data storage on a serial number basis in most cases.

A network based CAD system allows the transfer of data and programs to the CNC turning and milling centers for fabrication of machined parts. Prototype PC boards are similarly produced by computer controlled PC board mills. A Grieve high capacity conveyor soldering oven is used for production of large quantity assemblies while smaller production quantities are assembled at hand soldering or brazing stations.

- B. List any subsidiaries, parent company, or affiliated companies.

Niagara Scientific, Inc. - Wholly owned subsidiary

- C. Describe the issuers' principal products or services.

MFC manufactures radio frequency (RF) filters and related components for eliminating interference and facilitating signal processing for such markets as Cable Television, Broadcast, Commercial and Military Communications, Avionics, Radar, Navigation and Defense. The Company designs waveguide, stripline/microstrip, transmission line, miniature/subminiature and lumped constant filters. Configurations include bandpass, highpass, lowpass, bandstop, multiplexers, tunable notch, tunable bandpass, high power filters, amplitude equalized, delay equalized and filter networks. The Company actively produces over 1,700 standard products and has designed more than 5,000 custom products for specialized applications.

## 5) Issuer's Facilities

*The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.*

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

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## 6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities. If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual

representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

*The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.*

<b>Names of All Officers, Directors, and Control Persons</b>	<b>Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)</b>	<b>Residential Address (City / State Only)</b>	<b>Number of shares owned</b>	<b>Share type/class</b>	<b>Ownership Percentage of Class Outstanding</b>	<b>Names of control person(s) if a corporate entity</b>
Carl Fahrenkrug Jr	Chief Executive Officer, Director	Manlius, NY	23,586	Common	Less than 1%	
Richard Jones	Chief Financial Officer	Fayetteville, NY	0			
Sam Fanizzi	Vice President Marketing	North Syracuse, NY	0			
Robert Paul	Vice President Engineering	Syracuse, NY	0			
Daniel Herrmann	Director	Marcy, NY	0			
Carl Fahrenkrug Sr	Director	Manlius, NY	72,298	Common	2.8%	
Sidney Chong	Director	Syracuse, NY	0			
Kevin Fallis	Director	Dewitt, NY	0			
John Kennedy	Chairman of the Board	Syracuse, NY	1000	Common	Less than 1%	
Thomas Quartier	Director	Syracuse, NY	0			
Irene Scruton	Director	Syracuse, NY	0			
Anne Tindall	Director	Syracuse, NY	0			

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, log in to [www.OTCIQ.com](http://www.OTCIQ.com) to update your company profile.

## 7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

None

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None



## 8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, update your company profile.

### Securities Counsel (must include Counsel preparing Attorney Letters).

Name: James Gascon  
Firm: Costello & Fearon, PLLC  
Address 1: 211 West Jefferson Street  
Address 2: Syracuse, New York 13202  
Phone: 315-422-1152  
Email: [jjg@ccf-law.com](mailto:jjg@ccf-law.com)

### Accountant or Auditor

Name: Victor Vaccaro  
Firm: Dannible & McKee, LLP  
Address 1: 221 South Warren Street  
Address 2: Syracuse, New York 13202  
Phone: 315-472-9127  
Email: [vvaccaro@dmpas.com](mailto:vvaccaro@dmpas.com)

### Investor Relations

Name: Richard Jones  
Firm: Microwave Filter Company, Inc.  
Address 1: 6743 Kinne Street  
Address 2: East Syracuse, New York 13057  
Phone: 315-438-4758  
Email: [dick-j@microwavefilter.com](mailto:dick-j@microwavefilter.com)

### *All other means of Investor Communication:*

X (Twitter): \_\_\_\_\_  
Discord: \_\_\_\_\_  
LinkedIn: \_\_\_\_\_  
Facebook: \_\_\_\_\_  
[Other ] \_\_\_\_\_

### Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

## 9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: Carl Fahrenkrug  
Title: Chief Executive Officer  
Relationship to Issuer: Chief Executive Officer

B. The following financial statements were prepared in accordance with:

- IFRS  
 U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: Richard Jones  
Title: Chief Financial Officer  
Relationship to Issuer: Chief Financial Officer

Describe the qualifications of the person or persons who prepared the financial statements: **Accountant, 40+  
year experience**

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

### **Financial Statement Requirements:**

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

**MICROWAVE FILTER COMPANY, INC.**

**FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED DECEMBER 31, 2023**

**MICROWAVE FILTER COMPANY, INC.**  
**AND SUBSIDIARIES**  
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**MICROWAVE FILTER COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

	<u>AT 12/31/2023</u>	<u>AT 9/30/2023</u>
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
CASH AND CASH EQUIVALENTS	940,315	920,921
ACCOUNTS RECEIVABLE	246,047	495,212
INVENTORIES AND WORK IN PROCESS	242,483	196,531
PREPAID EXPENSES & OTHER CURRENT ASSETS	75,807	74,885
<b>TOTAL CURRENT ASSETS</b>	<u>1,504,652</u>	<u>1,687,549</u>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>3,009,602</b>	<b>3,009,602</b>
LESS: ACCUMULATED DEPRECIATION	<u>(2,288,105)</u>	<u>(2,261,774)</u>
<b>NET PROPERTY, PLANT AND EQUIPMENT</b>	<b>721,497</b>	<b>747,828</b>
<b>RIGHT-OF-USE LEASE ASSET</b>	<u>15,177</u>	<u>16,326</u>
<b>TOTAL ASSETS</b>	<u><u>2,241,326</u></u>	<u><u>2,451,703</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
ACCOUNTS PAYABLE	91,695	140,658
CUSTOMER DEPOSITS	38,637	36,746
CURRENT PORTION LEASE LIABILITY	2,958	2,958
ACCRUED EXPENSES	115,195	137,777
<b>TOTAL CURRENT LIABILITIES</b>	<u>248,485</u>	<u>318,139</u>
<b>LEASE LIABILITY, NET OF CURRENT PORTION</b>	<u>12,219</u>	<u>13,368</u>
<b>TOTAL LIABILITIES</b>	<u>260,704</u>	<u>331,507</u>
<b>STOCKHOLDERS' EQUITY</b>		
<b>COMMON STOCK \$.10 PAR VALUE, AUTHORIZED 5,000,000 SHARES</b>		
ISSUED 4,324,140 IN 2024 AND 2023		
OUTSTANDING 2,576,166 IN 2024 AND 2,576,166 IN 2023	432,414	432,414
ADDITIONAL PAID-IN-CAPITAL	3,248,706	3,248,706
PROFIT (LOSS) CURRENT PERIOD	(139,574)	(170,891)
(ACCUMULATED DEFICIT) RETAINED EARNINGS	135,802	135,802
<b>COMMON STOCK IN TREASURY, AT COST,</b>		
1,747,974 SHARES IN 2024 AND 1,747,974 IN 2023	<u>(1,696,726)</u>	<u>(1,696,726)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>1,980,622</u>	<u>2,120,196</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><u>2,241,326</u></u>	<u><u>2,451,703</u></u>

**MICROWAVE FILTER COMPANY, INC.**  
**INCOME STATEMENTS**  
**FOR THE THREE MONTHS ENDED 12/31/2023 VS 12/31/2022**  
**(UNAUDITED)**

	TOTAL 12/31/23		TOTAL 12/31/22	
	\$	%	\$	%
NET SALES	645,235	100.0%	898,506	100.0%
COST OF GOODS SOLD	489,573	75.9%	733,805	81.7%
GROSS PROFIT	155,662	24.1%	164,701	18.3%
SELLING, GEN, ADMIN EXPENSES	305,794	47.4%	353,277	39.3%
LOSS FROM OPERATIONS	(150,132)	-23.3%	(188,576)	-21.0%
OTHER INCOME (EXPENSE)				
MISCELLANEOUS INCOME	1,166	0.2%	775	0.1%
INTEREST INCOME	9,392	1.5%	517	0.1%
TOTAL OTHER INCOME (EXPENSE)	10,558	1.7%	1,292	0.1%
LOSS BEFORE TAXES	(139,574)	-21.6%	(187,284)	-20.8%
PROVISION (BENEFIT) FOR INCOME TAXES	-	0.0%	-	0.0%
NET LOSS	(139,574)	-21.6%	(187,284)	-20.8%

**Microwave Filter Company, Inc.**  
**Changes in Stockholders equity**  
**For the Quarter ended 12/31/2023**

	<u>Common Stock</u>	<u>Additional paid-in Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>		<u>Total Stockholders' Equity</u>
				<u>Shares</u>	<u>Amount</u>	
Balance at September 30,2023	\$ 432,414	\$ 3,248,706	\$ 135,802	1,747,974	( \$ 1,696,726 )	\$ 2,120,196
Net loss			( \$ 139,574 )			( \$ 139,574 )
Balance at December 31, 2023	<u>\$ 432,414</u>	<u>\$ 3,248,706</u>	<u>( \$ 3,772 )</u>	<u>\$ 1,747,974</u>	<u>( \$ 1,696,726 )</u>	<u>\$ 1,980,622</u>

Microwave Filter Company, Inc. and Subsidiaries  
Consolidated Statement of Cash Flows  
(Unaudited)

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022
<u>Increase (decrease) in cash and cash equivalents</u>		
<b>Cash flows from operating activities:</b>		
Consolidated net income (loss)	( \$ 139,574 )	( \$ 187,284 )
Adjustments to reconcile consolidated net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	26,331	26,818
(Increase) decrease in trade accounts receivable	249,165	337,502
(Increase) decrease in inventories	( 45,952 )	77,369
(Increase) decrease in prepaid expenses and other current assets	( 922 )	( 51,532 )
Increase (decrease) in accounts payable & customer deposits	( 47,072 )	117,117
Increase (decrease) in accrued liabilities	( 22,582 )	6,793
Net cash provided by operating activities	<u>19,394</u>	<u>92,549</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	( - )	( 14,899 )
<b>Cash flows from financing activities:</b>		
Principal payments on borrowings	-	-
Purchase of treasury stock	-	-
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	19,394	77,650
Cash and cash equivalents, beginning of year	<u>920,921</u>	<u>838,878</u>
Cash and cash equivalents, end of year	<u>\$ 940,315</u>	<u>\$ 916,528</u>
<u>Supplemental disclosure of cash flow information</u>		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for taxes	\$ -	\$ -



**MICROWAVE FILTER COMPANY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**DECEMBER 31, 2023**

**Note 1. Summary of Significant Accounting Policies**

In these notes, the terms “MFC” and “Company” mean Microwave Filter Company, Inc. and its subsidiary companies.

The following unaudited condensed balance sheet as of September 30, 2023 and the unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the company believes that the disclosures made are adequate to make the information not misleading. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The operating results for the three month period ended December 31, 2023 are not necessarily indicative of the results that may be expected for the year ended September 30, 2024. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company’s Financial Statements for the Fiscal Year Ended September 30, 2023.

**Note 2. Industry Segment Data**

The Company's primary business segment involves the operations of Microwave Filter Company, Inc. which designs, develops, manufactures and sells electronic filters, both for radio and microwave frequencies, to help process signal distribution and to prevent unwanted signals from disrupting transmit or receive operations. Markets served include 5G, cable television, television and radio broadcast, satellite broadcast, mobile radio, commercial communications and defense electronics.

### Note 3. Inventories

Inventories are stated at the lower of cost determined on the first-in, first-out method or net realizable value. Net realizable value is determined as the estimated selling price in the normal course of business, minus the cost of completion, disposal and transportation.

Inventories net of the reserve for obsolescence consisted of the following:

	December 31, 2023	September 30, 2023
Raw materials and stock parts	\$191,804	\$115,523
Work-in process	20,611	16,630
Finished Goods	<u>30,068</u>	<u>24,378</u>
	<u>\$242,483</u>	<u>\$196,531</u>

The Company's reserve for obsolescence equaled \$284,000 at December 31, 2023 and September 30, 2024. The Company provides for a valuation reserve for certain inventory that is deemed to be obsolete, of excess quantity or otherwise impaired.

### Note 4. Income Taxes

The Company accounts for income taxes under FASB ASC 740-10. Deferred tax assets and liabilities are based on the difference between the financial statement and tax basis of assets and liabilities as measured by the enacted tax rates which are anticipated to be in effect when these differences reverse. The deferred tax provision is the result of the net change in the deferred tax assets and liabilities. A valuation allowance is established when it is necessary to reduce deferred tax assets to amounts expected to be realized. The Company has provided a full valuation allowance against its net deferred tax assets.

The Company follows FASB ASC 740-10, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement attributes for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Additionally, it provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company will include interest on income tax liabilities in interest expense and penalties in operations if such amounts arise. The Company determined it has no uncertain tax positions and therefore no amounts are recorded.

### Note 5. Legal Matters

None.

## **Note 6. Fair Value of Financial Instruments**

**The carrying value of the Company's cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short maturity of those instruments. The carrying value of the Company's note payable approximates its fair value.**

**The Company currently does not trade in or utilize derivative financial instruments.**

## **Note 7. Significant Customers**

**Net sales to two customers represented 43.2% of the Company's total sales for the three months ended December 31, 2023 and 35.1% of the Company's total sales for the three months ended December 31, 2022. A loss of these customers or programs related to these customers could significantly impact the Company.**

## **Note 8. Earnings Per Share**

**The Company presents basic earnings per share ("EPS"), computed based on the weighted average number of common shares outstanding for the period, and when applicable diluted EPS, which gives the effect to all dilutive potential shares outstanding (i.e. options) during the period after restatement for any stock dividends. There were no dividends declared during the three months ended December 31, 2023 and 2022. Income (loss) used in the EPS calculation is net income (loss) for each period. There were no dilutive potential shares outstanding for the periods ended December 31, 2023 and 2022.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Microwave Filter Company, Inc. (MFC) operates primarily in the United States and principally in one industry. The Company extends credit to business customers, including original equipment manufacturers (OEMs), distributors and other end users, based upon ongoing credit evaluations. MFC designs, develops, manufactures and sells electronic filters, both for radio and microwave frequencies, to help process signal distribution and to prevent unwanted signals from disrupting transmit or receive operations. Markets served include 5G, cable television, television and radio broadcast, satellite broadcast, mobile radio and commercial and defense electronics.

### RESULTS OF OPERATION

The following table sets forth the Company's net sales by major group for the first quarter ended December 31, 2023 and 2022.

<u>Product Group</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Satellite	\$ 364,812	\$ 409,968
RF/Microwave	9,848	377,542
Cable TV	91,247	62,902
Broadcast TV	<u>179,328</u>	<u>48,094</u>
Total	\$ 645,235	\$ 898,506
Sales backlog at 12/31	\$ 206,681	\$ 931,700

#### Fiscal 2024 compared to fiscal 2023

Net sales decreased \$253,271, or 28.2%, to \$645,235 during the quarter ended December 31, 2023 when compared to sales of \$898,607 during the quarter ended December 31, 2022.

Satellite sales decreased \$45,156 to \$364,812 compared to \$409,968 last year. The decrease can be attributed to a decrease in sales of our 5G filters. We anticipate these sales to pick up during calendar year 2024.

RF/Microwave product sales decreased \$367,694 to \$8,848 compared to \$377,542 last year. MFC's RF/Microwave products are sold primarily to Original Equipment Manufacturers (OEM) that serve the mobile radio, commercial communications and defense electronics markets. Since 1/01/2024 we have received close to \$917,000 in new orders.

Broadcast TV sales increased \$131,234 to \$179,328 for the three months ended December 31, 2023 when compared to sales of \$48,394 last year. These sales are primarily from one customer.

At December 31, 2023, the Company's total backlog of orders, which represents firm orders from customers, equaled \$206,681 compared to \$931,700 at December 31, 2022. 100% of the total Company backlog at December 31, 2023 is scheduled to ship during fiscal 2024. However, backlog is not necessarily indicative of future sales. Accordingly, the Company does not believe that its backlog at any particular date is representative of actual sales for any succeeding period.

Gross profit decreased \$9,039 to \$155,662 during the quarter ended December 31, 2023 compared to \$164,701 during the quarter ended December 31, 2022. As a percentage of sales, gross profit equaled 24.1% during the quarter ended December 31, 2023 compared to 18.3% during the quarter ended December 31, 2022 primarily due to lower payroll and lower payroll related expenses this year.

Selling, general and administrative (SG&A) expenses decreased \$47,483 to \$305,794 during the quarter ended December 31, 2023 compared to SG&A expenses of \$368,543 during the quarter ended December 31, 2022 primarily to lower payroll and payroll related expenses.

Other income was \$10,558 during the quarter ended December 31, 2023 compared to other income of \$1,292 during the quarter ended December 31, 2022 primarily due to higher interest income.

The Company recorded income taxes of \$0 and \$0 for the three months ended December 31, 2023 and December 31, 2022. Any other provision for income tax expense was fully offset by a reversal of a portion of the Company's valuation allowance. Any benefit for losses has been subject to a valuation allowance since the realization of the deferred tax benefit is not considered more likely than not.

## LIQUIDITY AND CAPITAL RESOURCES

MFC defines liquidity as the ability to generate adequate funds to meet its operating and capital needs. The Company's primary source has been funds provided by operations and its existing cash balances.

	At 12/31/2023	At 9/30/2023
Cash & cash equivalents	\$940,315	\$920,921
Working capital	\$1,256,167	\$1,369,410
Current ratio	6.05 to 1	5.30 to 1
Long-term debt	\$ 0	\$ 0

Cash & cash equivalents increased \$19,394 to \$940,315 at December 31, 2023 when compared to \$920,921 at September 30, 2023. The increase was a result of \$19,394 in net cash provided by operating activities.

Net cash provided by operating activities fluctuates between periods primarily as a result of differences in sales and net income and the timing of the collection of accounts receivable, purchase of inventory and payment of accounts payable.

Management believes that its working capital requirements for the foreseeable future will be met by its existing cash balances, future cash flows from operations and its current credit arrangements

### Off-Balance Sheet Arrangements

At December 31, 2023 and 2022, the Company did not have any unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special entities, which might have been established for the purpose of facilitates off-balance sheet arrangements.

## 10) Issuer Certification

### *Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Carl Fahrenkrug certify that:

1. I have reviewed this Disclosure Statement for Microwave Filter Company, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

2/14/2024

/s/ Carl Fahrenkrug

### *Principal Financial Officer:*

I, Richard Jones certify that:

1. I have reviewed this Disclosure Statement for Microwave Filter Company, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

2/14/2024

/s/ Richard Jones