
VISLINK LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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VISLINK LTD

COMPANY INFORMATION

Directors	C Miller P Norridge (appointed 1 April 2023) M C Bond (resigned 31 March 2023)
Registered number	10523708
Registered office	Waterside House Earls Colne Business Park Colchester CO6 2NS
Independent auditors	Ecovis Wingrave Yeats LLP Chartered Accountants and Statutory Auditors 3rd Floor, Waverley House 7-12 Noel Street London W1F 8GQ

VISLINK LTD

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VISLINK LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present the Strategic Report of Vislink Limited (the 'Company') for the year ended 31 December 2022.

Business review

The Company is a wholly owned subsidiary of Vislink Technologies, Inc., a global technology business specialising in the provision of secure communications for the broadcast, sports and entertainment and surveillance markets. The group has offices in the UK, USA, Dubai, and Singapore, and employs over 100 people worldwide.

Turnover for the year was £15,301,308 (2021 - £12,997,362). The loss before tax for the year was £8,168,299 (2021 - £15,019,730). The net liabilities at 31 December 2022 were £28,422,627 (2021 - £20,480,622).

As part of the new strategic plan, management reviewed the stock held and based on a quantitative assessment we concluded that the carrying amount of our reporting unit exceeded the fair value and as a result, recorded an impairment charge of £1,075,369 for the year ended 31 December 2022. Please see note 11 for further details.

Relocation of United Kingdom manufacturing division

The Company will begin moving its United Kingdom manufacturing division to the United States in September 2023. The relocation to the United States is anticipated to result in approximately \$1.0 million in annual savings. The relocation of our manufacturing division to the United States will cost us approximately \$200K in severance costs over the next six months.

Principal risks and uncertainties

The Company's strategy is to optimise business opportunities and minimise exposure to principle risks and uncertainties.

The operating and financial performance of the Company is influenced by economic conditions of the regions in which it operates, particularly the UK, Europe, USA and the Middle East & Africa.

The Company's products are for critical services such as live news or real time video and the risk of failure will cause loss of service to customers, bringing damage to the Company's reputation. Customer support is a key part of the Company's offering to customers to mitigate any damage.

The board and management teams monitor risk areas and adjust strategic plans to protect the Company accordingly.

Financial key performance indicators

Key performance indicators are used to measure and evaluate Company performance against targets throughout the Company.

Our key metrics employed in the Company include:

- Order intake
- Achieving revenue and profit targets

Revenue in the year was £15,301,308 (2021 - £12,997,362) and gross profit is reported at £1,997,498 (2021 - £2,599,504).

VISLINK LTD

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

This report was approved by the board on 28 September 2023

and signed on its behalf.

Paul Norridge

P Norridge
Director

VISLINK LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The Company's principal business is the sale of microwave video transmission systems, delivering complete video capture, transmit and receive solutions for the broadcast, sports and entertainment and surveillance markets. The Company's activities include research and development, manufacture and assembly, sales, marketing, customer support and administration.

Results and dividends

The loss for the year, after taxation, amounted to £7,949,314 (2021 - loss £14,784,776).

There were no dividends declared during the year (2021 - £Nil).

Directors

The directors who served during the year were:

C Miller
P Norridge (appointed 31 March 2023)
M C Bond (resigned 31 March 2023)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

VISLINK LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Going concern

The current economic environment is challenging, and the company has reported an operating loss for the year. However, with the significant capital raises at the parent company, and based on forward-looking estimates of our business operations and results, we have formed judgement we will have sufficient funds to continue our operations for at least twelve months from the date of these financial statements. That said, the Company is expected to report an operating loss in the year ended 31 December 2023 as well.

We continue to monitor post Pandemic-related developments, and our highest priority is the health and safety of our employees, customers, vendors, and stakeholders. During the pandemic, we have implemented a business continuity plan in March 2020 with a dedicated incident management team to respond quickly and effectively to changes in our environment to continue offering our customers uninterrupted products, services, and support while safeguarding the best interest of our employees, suppliers, and shareholders. We continue to monitor the economic environment and how our business is impacted.

Post year-end the Group has implemented further restructuring measures to protect the business going forward.

Financial risk management

The Company's operations expose it to a variety of financial risks that include credit risk and foreign exchange risk. The board has overall responsibility for the determination of the Company's risk management objectives and policies, and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management team. The overall objective of the board is to reduce risks as far as possible without unduly affecting the Company's competitiveness and flexibility.

Foreign exchange risk

Foreign exchange risk arises when the Company engages in transactions denominated in a currency other than its functional currency. The Company operates internationally and is exposed to foreign exchange risk arising from various currency primarily with respect to the US dollar and the Euro.

The Company does not speculate in foreign currencies.

Credit risk

Credit risk arises from the sale of goods and services to customers. It is the Company policy to obtain deposits from customers where possible, particularly for overseas customers. In addition the Company will seek confirmed letters of credit for the balances due.

Cash flow and interest rate risk

The Company has no significant interest-bearing assets and the Company's income and operating cash flows are substantially independent of changes in market interest rates. It is the Company's policy not to trade in financial instruments. The Company does not use interest rate swaps.

VISLINK LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the risk of encountering difficulties in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities. Management receives cash flow projections on a weekly basis as well as information regarding cash balances, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Future developments

The directors have implemented strategic initiatives to proactively improve liquidity, including consolidation of manufacturing sites and reduction in workforce. The directors consider that the outlook, although uncertain terms of trading results and cashflows, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Research and development activities

The Company invests in the development of new and the enhancement of existing technology in order to maintain its strong position in its market, £554,620 was charged as an expense in the year (2021 - £474,378).

Qualifying third party indemnity provisions

During the period the Company maintained an external insurance policy to provide liability cover to its directors and officers.

Post balance sheet events

Post-year end 2022, there are plans for significant restructuring across the group. A decision is made to exit the business location of Colchester and bring manufacturing to the US. The impact on the company is likely to be an impairment of the manufacturing facility and likely staff severance packages totalling \$200K.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Ecovis Wingrave Yeats LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

VISLINK LTD

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

This report was approved by the board on 28 September 2023 and signed on its behalf.

Paul Norridge

P Norridge
Director

VISLINK LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISLINK LTD

Opinion

We have audited the financial statements of Vislink Ltd (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

VISLINK LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISLINK LTD (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISLINK LTD (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We determined that the laws and regulations which are directly relevant to the financial statements are those that relate to the reporting framework Financial Reporting Standard 102 and the relevant tax compliance regulations in the jurisdictions in which the Company operates. We evaluated the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- In addition, there are other significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to employment, occupational health and safety, data protection, fraud, bribery and corruption. For these laws and regulations, the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through fines or litigation being imposed. As required by the auditing standards, auditing procedures in respect of non-compliance with these identified laws and regulations are limited to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by conducted interviews to understand where they considered there was susceptibility to fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and fraud risks identified in the paragraphs above. In addition to the audit procedures, we remained alert to any indications of non-compliance throughout the audit. The specific audit procedures performed included:
 - Review of Board minutes;
 - Reviewed large and unusual bank transactions;
 - Identifying and testing journal entries; and
 - Review of legal and professional fee expenditure.

There are inherent limitations of an audit. There is a higher risk that irregularities, including fraud, will not be detected during the audit as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. The primary responsibility for the prevention and detection of non compliance with all laws and regulations and fraud lies with both those charged with governance of the entity and management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

VISLINK LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISLINK LTD (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jessica Teague

Jessica Teague (Senior Statutory Auditor)

for and on behalf of

Ecovis Wingrave Yeats LLP

Chartered Accountants and Statutory Auditors

3rd Floor, Waverley House

7-12 Noel Street

London

W1F 8GQ

Date: 28 September 2023

VISLINK LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		2022 £	2021 £
Turnover	4	15,301,308	12,997,362
Cost of sales		(12,228,441)	(10,397,858)
Exceptional cost of sales	11	(1,075,369)	-
Gross profit		1,997,498	2,599,504
Administrative expenses		(9,858,291)	(6,698,097)
Exceptional administrative expenses	11	-	(10,908,711)
Operating loss	5	(7,860,793)	(15,007,304)
Interest receivable and similar income	8	136	71
Interest payable and expenses	9	(307,642)	(12,497)
Loss before tax		(8,168,299)	(15,019,730)
Tax on loss		218,985	234,954
Loss for the financial year		(7,949,314)	(14,784,776)

There was no other comprehensive income for 2022 (2021:£).

The notes on pages 17 to 36 form part of these financial statements.

VISLINK LTD
REGISTERED NUMBER: 10523708

BALANCE SHEET
AS AT 31 DECEMBER 2022

		2022 £	2021 £
Fixed assets			
Tangible fixed assets	12	229,612	327,755
Fixed asset investments	13	3,481,949	3,481,949
		<u>3,711,561</u>	<u>3,809,704</u>
Current assets			
Stocks	14	4,231,802	3,979,962
Debtors due within 1 year	15	10,851,416	5,064,100
Cash at bank and in hand	16	573,111	1,294,087
		<u>15,656,329</u>	<u>10,338,149</u>
Creditors: amounts falling due within one year	17	(30,877,329)	(19,894,714)
Net current liabilities		<u>(15,221,000)</u>	<u>(9,556,565)</u>
Total assets less current liabilities		<u>(11,509,439)</u>	<u>(5,746,861)</u>
Creditors: amounts falling due after more than one year	18	(16,801,574)	(14,486,354)
Provisions for liabilities			
Other provision	19	(111,614)	(247,407)
		<u>(111,614)</u>	<u>(247,407)</u>
Net liabilities		<u>(28,422,627)</u>	<u>(20,480,622)</u>
Capital and reserves			
Called up share capital	20	1,000	1,000
Share-based payment reserve	21	2,075,653	2,068,344
Other reserves	21	10,447,313	10,447,313
Profit and loss account	21	(40,946,593)	(32,997,279)
		<u>(28,422,627)</u>	<u>(20,480,622)</u>

VISLINK LTD
REGISTERED NUMBER: 10523708

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
28 September 2023

Paul Norridge

P Norridge
Director

The notes on pages 17 to 37 form part of these financial statements.

VISLINK LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Share-based payment reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2021	1,000	1,812,467	10,447,313	(18,212,503)	(5,951,723)
Comprehensive income for the year					
Loss for the year	-	-	-	(14,784,776)	(14,784,776)
Share based payment charge	-	255,877	-	-	255,877
At 1 January 2022	1,000	2,068,344	10,447,313	(32,997,279)	(20,480,622)
Comprehensive income for the year					
Loss for the year	-	-	-	(7,949,314)	(7,949,314)
Share based payment charge	-	7,309	-	-	7,309
At 31 December 2022	1,000	2,075,653	10,447,313	(40,946,593)	(28,422,627)

The notes on pages 17 to 36 form part of these financial statements.

VISLINK LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Cash flows from operating activities		
Loss for the financial year	(7,949,314)	(14,784,776)
Adjustments for:		
Depreciation of tangible assets	104,213	111,472
Interest paid	307,642	12,497
Interest received	(136)	(71)
Taxation charge	(218,985)	-
(Increase) in stocks	(251,840)	(1,477,765)
(Increase)/decrease in debtors	(764,709)	102,435
(Increase)/decrease in amounts owed by groups	(5,022,607)	1,195,587
(Decrease)/increase in creditors	(811,691)	144,015
Increase in amounts owed to groups	14,109,526	3,997,480
(Decrease) in provisions	(135,793)	(135,795)
Corporation tax received	218,985	234,954
Impairment of fixed asset investments	-	10,908,711
Share based payment charge	7,309	255,877
Net cash generated from operating activities	(407,400)	564,621
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,070)	(72,966)
Purchase of fixed asset investments	-	(14,390,660)
Interest received	136	71
Net cash from investing activities	(5,934)	(14,463,555)

VISLINK LTD

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Cash flows from financing activities		
New loans from group companies	-	14,486,354
Interest paid	(307,642)	(12,497)
Net cash used in financing activities	(307,642)	14,473,857
Net (decrease)/increase in cash and cash equivalents	(720,976)	574,923
Cash and cash equivalents at beginning of year	1,294,087	719,164
Cash and cash equivalents at the end of year	573,111	1,294,087
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	573,111	1,294,087
	573,111	1,294,087

VISLINK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Vislink Ltd is a private company, limited by shares, domiciled in England and Wales, registration number 10523708. Its registered office is Waterside House, Earls Colne Business Park, Colchester, CO6 2NS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.3 Going concern

The current economic environment is challenging, and the company has reported an operating loss for the year. However, with the significant capital raises at the parent company, and based on forward-looking estimates of our business operations and results, we have formed judgement we will have sufficient funds to continue our operations for at least twelve months from the date of these financial statements with the support of the wider Group. That said, the Company is expected to report an operating loss in the year ended 31 December 2023 as well.

Post year end the Group has implemented further restructuring measures to protect the business going forward. Please see note 28 for further details.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Revenue

The Company generates all its revenue from contracts with customers. The Company recognises revenue when we satisfy a performance obligation by transferring control of the promised goods or services to a customer in an amount that reflects the consideration that we expect to receive in exchange for those services.

The Company determines revenue recognition through the following steps:

1. Identification of the contract, or contracts, with a customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognition of revenue, when, or as, we satisfy a performance obligation.

At contract inception, the Company assesses the goods and services promised in our contracts with customers and identifies a performance obligation for each. To determine the performance obligations, the Company considers all the products and services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. The timing of satisfaction of the performance obligation is not subject to significant judgement. We measure revenue as the amount of consideration we expect to receive in exchange for transferring the goods and services. Excluded from income are the value-added sales taxes, and other charges we collect concurrent with revenue-producing activities.

Taking into consideration the above, revenues are recognised as the services are provided or at the time the goods are shipped and title has passed.

2.5 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

VISLINK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- The shorter of the economic life or remaining lease term
Plant and machinery	- 1 - 11 years
Fixtures and fittings	- 1 - 10 years
Computer equipment	- 1 - 11 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Research and development costs

Research and development costs are recognised in the Statement of Comprehensive Income as they arise.

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over the useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.10 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.13 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Share-based payments

Where the Company's parent, Vislink Technologies Inc., has granted rights to its equity instruments to the employees of the Company, such arrangements are accounted for as equity-settled sharebased payment arrangements.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in note 22.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. Fair value is measured by use of the Black-Scholes pricing model. The expected useful life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Share options granted to employees are cancelled when employees cease to work for the Company, unless otherwise agreed by the directors of the Company. The cancellation results in immediate derecognition of the expenses that would have arisen over the remainder of the original vesting period.

Any movements in the fair value of the share-based payments is recognised in the share-based payment reserve.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.16 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.17 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.18 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.19 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

VISLINK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.20 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.21 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

3.1 Significant management judgements

Recognition of deferred tax assets

The event to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in tax jurisdictions.

Interest rate applied to intercompany loan

The company has an unsecured intercompany loan which is due for repayment on 12 August 2030. The interest currently being charged on this loan is 1% per annum, see note 17 for further details. The accounting standards stipulate that the loan should be recorded on initial recognition at the present value of the future payments discounted at a market rate of interest for a similar instrument, adjusted for transaction costs. The directors have considered this and there are a number of factors which would impact the company's ability to obtain a similar debt instrument, including but not limited to the following: the company is loss making and has been since incorporation, the company's total liabilities exceeded its total assets by £28,558,420 (2021 - £20,480,622).

As a result of the factors mentioned, the directors believe that it is unlikely that a third party would issue the company with a comparable debt instrument. Consequently, the directors are unable to determine what an appropriate market rate of interest would be on a similar loan. Whilst the funding has been structured as a debt instrument, in practice, the funding is more akin to equity funding than debt funding. These circumstances are not envisaged in the accounting standards and no technical guidance has been issued to cover such a scenario. Given the lack of clarity on how to account for the aforementioned funding, the directors have recorded the funds advanced as a loan and made no market rate adjustment to the interest rate applied at 1% per annum.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Judgments in applying accounting policies (continued)

Investment valuation

The company considers whether its investment in subsidiaries should be impaired at the balance sheet date. Where an indicator of impairment is identified management will consider the recoverable amount, being the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than the carrying amount of the investment then an impairment is recognised. Management applies judgement when calculating the recoverable amount. The subsidiaries were acquired in the prior year and therefore there is still uncertainty about their future performance.

3.2 Estimation uncertainty

Stocks

Management reviews the stock listing for items of slow-moving stock and provides for those considered to be aged at each reporting date.

Debtors

Management estimates the recoverability of its debtors in its financial statements which requires management to make judgements. The judgements, estimate and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

Useful lives of tangible fixed assets

Depreciation is provided as to write down the assets to their residual values over their estimated useful lives as set out in the Company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed, and should management's assessment of useful lives shorten then depreciation and amortisation charges in the financial statements would increase and the carrying amounts of the tangible fixed assets would reduce accordingly.

VISLINK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Sale of product and services	15,301,308	12,997,362
	<u>15,301,308</u>	<u>12,997,362</u>

Analysis of turnover by country of destination:

	2022 £	2021 (restated) £
United Kingdom	1,735,679	2,941,527
Rest of Europe	3,510,341	4,242,471
Rest of the world	10,055,288	5,813,364
	<u>15,301,308</u>	<u>12,997,362</u>

5. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Research & development charged as an expense	554,620	474,378
Exchange differences	3,935,252	773,962
Management recharge	180,278	252,846
Stock provision	326,638	399,499
Defined contribution pension cost	134,408	122,675
Depreciation charge	104,213	111,472
Exceptional stock impairment	1,075,369	-
	<u>1,075,369</u>	<u>-</u>

Management recharges relate to intercompany recharges for shared costs.

Please see note 11 for details of the exceptional stock impairment.

VISLINK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	29,000	27,000
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	9,075	8,250
Assistance with accounts preparation	2,640	2,400

7. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	2,775,751	3,022,459
Social security costs	339,376	306,085
Cost of defined contribution scheme	134,408	122,675
	3,249,535	3,451,219

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Employees	41	78

8. Interest receivable

	2022 £	2021 £
Other interest receivable	136	71
	136	71

VISLINK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	775	2,665
Loans from group undertakings	306,867	9,832
	<u>307,642</u>	<u>12,497</u>

10. Taxation

	2022 £	2021 £
Corporation tax		
Prior period R&D tax credits	(218,985)	(234,954)
Total current tax	<u>(218,985)</u>	<u>(234,954)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(218,985)</u>	<u>(234,954)</u>

VISLINK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(8,296,783)	(15,019,730)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,576,389)	(2,853,749)
Effects of:		
Fixed asset differences	(346)	-
Expenses not deductible for tax purposes	6,350	(625,666)
Unrelieved tax losses carried forward	-	3,479,415
Movement in deferred tax not recognised	1,570,385	-
Research and development claims	(218,985)	(234,954)
Total tax charge for the year	(218,985)	(234,954)

At 31 December 2022, the Company has an estimated unrecognised deferred tax asset of £5,551,988 (2021 - £4,007,195). In accordance with the Company's accounting policy this amount has not been recognised in the financial statements due the uncertainty surrounding the timing of future taxable profits available for offset.

Factors that may affect future tax charges

In the Finance Act 2021, enacted on 24 May 2021 the Government confirmed that the corporation tax main rate the years starting 1 April 2021 and 2022 would remain at 19% and from 1 April 2023 corporation tax will increase to 25%, but companies with profits of up to £50,000 will pay tax at 19%, and a tapered rate will apply to profits up to £250,000. The unrecognised deferred tax asset referred to in these financial statements reflects these rates.

VISLINK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Exceptional items

	2022 £	2021 £
Stock impairment	1,075,369	-
Impairment of investment	-	10,908,711

Company management initiated a new strategic plan to right-size the business during the 3rd/4th quarter of 2022. As part of the new strategic plan, management reviewed the stock held and recognised certain product lines/items were not moving due to the diminishing consumer demand and lack of profitability and a decision was made to eliminate these product lines/items which resulted in recognising an impairment loss for the year.

On 16 August 2021 the Company acquired 100% of the issued share capital in Mobile Viewpoint Corporate B.V., a company registered in the Netherlands. The investment has subsequently been impaired to the deemed recoverable amount. The decision to impair the investment was based on the projected results of the subsidiary.

12. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2022	20,283	764,216	92,500	42,852	919,851
Additions	-	6,070	-	-	6,070
At 31 December 2022	20,283	770,286	92,500	42,852	925,921
Depreciation					
At 1 January 2022	17,390	486,936	56,874	30,896	592,096
Charge for the year on owned assets	688	89,632	8,866	5,027	104,213
At 31 December 2022	18,078	576,568	65,740	35,923	696,309
Net book value					
At 31 December 2022	2,205	193,718	26,760	6,929	229,612
At 31 December 2021	2,893	277,280	35,626	11,956	327,755

VISLINK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	14,390,660
At 31 December 2022	<u>14,390,660</u>
Impairment	
At 1 January 2022	10,908,711
At 31 December 2022	<u>10,908,711</u>
Net book value	
At 31 December 2022	<u>3,481,949</u>
<i>At 31 December 2021</i>	<u><u>3,481,949</u></u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Mobile Viewpoint Corporate B.V.	Keesomstraat 10E 1821BS Alkmaar	Ordinary	100%
Mobile Viewpoint B.V.	Keesomstraat 10E 1821BS Alkmaar	Ordinary	100%
IQ VideoSolutions B.V.	Keesomstraat 10E 1821BS Alkmaar	Ordinary	100%

VISLINK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Stocks

	2022 £	2021 £
Work in progress	713,713	221,127
Finished goods and goods for resale	3,518,089	3,758,835
	<u>4,231,802</u>	<u>3,979,962</u>

Stocks are stated after provisions for impairment of £5,101,465 (2021 - £4,418,550).

15. Debtors

	2022 £	2021 £
Trade debtors	2,751,855	1,789,285
Amounts owed by group undertakings	7,580,344	2,557,737
Other debtors	201,502	490,316
Prepayments and accrued income	317,715	226,762
	<u>10,851,416</u>	<u>5,064,100</u>

Trade debtors are stated after provisions for impairment and returns of £296,791 (2021 - £678,472).

Amounts owed from group companies are interest free, unsecured and repayable on demand

16. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	573,111	1,294,087
	<u>573,111</u>	<u>1,294,087</u>

VISLINK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	815,371	917,602
Amounts owed to group undertakings	28,530,539	16,736,233
Other taxation and social security	80,414	77,129
Other creditors	24,574	40,063
Accruals and deferred income	1,426,431	2,123,687
	<u>30,877,329</u>	<u>19,894,714</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

18. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Amounts owed to group undertakings	16,801,574	14,486,354
	<u>16,801,574</u>	<u>14,486,354</u>

Amounts owed to group undertakings accrue interest at the mid-term Applicable Federal Rate and is due for repayment on 12 August 2030. As at the date of the agreement, the mid-term Applicable Federal Rate was 1%.

19. Provisions

	Onerous lease provision £
At 1 January 2022	247,407
Charged to profit or loss	(135,793)
At 31 December 2022	<u>111,614</u>

As a result of the consolidation of the UK operations announced in 2020, the Hemel Hempstead site was closed and the operations redirected to the Colchester office at Waterside House. The Company, therefore, has recognised a provision for the total future lease commitments outstanding at year end in respect of the Hemel Hempstead site. Please see note 24 for further details of the timing of these lease commitments.

VISLINK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

20. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1,000 (2021 - 1,000) Ordinary shares shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

Each share has full voting, dividend and distribution rights.

21. Reserves

Share-based payment reserve

Share-based payment reserve represents the fair value charge of share-based payments in issue.

Other reserves

Other reserves consists of a capital contribution.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

22. Share-based payments

On 24 March 2017, under the 2013 Option plan, Vislink Technologies Inc., the ultimate parent undertaking of the Company, issued 150,000 ten years options to a director with an exercise price of \$1.55 per share. The fair value of the options granted on 24 March 2017 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 1.90%, dividend yield of -0%, volatility factor of 286.51% and the expected life of options is 6.00 years. The Company estimates forfeiture and volatility using historical information of our stock price. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues over the equivalent lives of the options. The expected life of the options represents the estimated period of time until exercise considering the contractual terms. The Company has not paid dividends on common stock and no assumption of dividend payment is made in the model. The options vest at one third on 24 March 2018, one third on 24 March 2019 and one third on 24 March 2020.

On 1 July 2017, under the 2017 Incentive Compensation plan, Vislink Technologies Inc., the ultimate parent undertaking of the Company, issued 2,115,000 ten years options to employees of the Company with an exercise price of \$1.62 per share. The fair value of the options granted on 1 July 2017 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 1.84%, dividend yield of -0%, volatility factor of 283.93% and the expected life of options is 6.00 years. The Company estimates forfeiture and volatility using historical information of our stock price. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues over the equivalent lives of the options. The expected life of the options represents the estimated period of time until exercise giving consideration to the contractual terms. The Company has not paid dividends on common stock and no assumption of dividend payment is made in the model. The options vest at one third on 1 July 2018, one third on 1 July 2019 and one third on 1 July 2020.

VISLINK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

22. Share-based payments (continued)

On 16 November 2017, under the 2017 Incentive Compensation plan, Vislink Technologies Inc., the ultimate parent undertaking of the Company, issued 135,150 ten years options to employees with an exercise price of \$1.54 per share. The fair value of the options granted on 16 November 2017 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 1.98%, dividend yield of -0%, volatility factor of 281.91% and the expected life of options is 6.00 years. The Company estimates forfeiture and volatility using historical information of our stock price. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues over the equivalent lives of the options. The expected life of the options represents the estimated period of time until exercise giving consideration to the contractual terms. The Company has not paid dividends on common stock and no assumption of dividend payment is made in the model. The options vest at one third on 16 November 2018, one third on 16 November 2019 and one third on 16 November 2020.

On 11 April 2018, under the 2017 Incentive Compensation plan, Vislink Technologies Inc. issued 180,000 ten years options to employees of the Company with an exercise price of \$0.83 per share. The fair value of the options granted on 11 April 2018 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 2.63%, dividend yield of -0%, volatility factor of 149% and the expected life of options is 6.00 years. The Company estimates forfeiture and volatility using historical information of our stock price. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues over the equivalent lives of the options. The expected life of the options represents the estimated period of time until exercise giving consideration to the contractual terms. The Company has not paid dividends on common stock and no assumption of dividend payment is made in the model. The options vest at one third on 11 April 2019, one third on 11 April 2020 and one third on 11 April 2021.

On 29 January 2019, under the 2017 Incentive Compensation plan, Vislink Technologies Inc. issued 120,000 ten years options to employees of the Company with an exercise price of \$0.368 per share. The fair value of the options granted on 29 January 2019 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 0.32%, dividend yield of -0%, volatility factor of 99% and the expected life of options is 8.00 years. The Company estimates forfeiture and volatility using historical information of our stock price. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues over the equivalent lives of the options. The expected life of the options represents the estimated period of time until exercise giving consideration to the contractual terms. The Company has no paid dividends on common stock and no assumption of dividend payment is made in the model. The options vest at one third on 30 July 2019, one third on 30 July 2020 and one third on 30 July 2021.

On 13 May 2019 Vislink Technologies Inc completed a 1-for-10 reverse split resulting in one option remaining for every ten previously in issue.

Vislink Technologies Inc then subsequently completed a 1-for-6 reverse split on 3 August 2020 resulting in one option remaining for every six previously in issue.

VISLINK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

22. Share-based payments (continued)

	Weighted average exercise price (pence) 2022	Number 2022	Weighted average exercise price (pence) 2021	Number 2021
Outstanding at the beginning of the year	1.68	13,916	1.68	15,083
Forfeited during the year	2.94	(917)	1.40	(1,167)
Granted during the year		-		-
Outstanding at the end of the year	1.59	12,999	1.68	13,916

	2022 £	2021 £
Equity-settled schemes - share-based payment charge for the period	7,309	255,877
	7,309	255,877

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £134,408 (2021 - £122,675). Contributions totalling £24,574 (2021 - £40,063) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	324,425	292,914
Later than 1 year and not later than 5 years	421,712	722,559
	746,137	1,015,473

VISLINK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

25. Related party transactions

The Company has taken advantage of the exemption contained within FRS 102 from disclosing transactions with wholly owned group companies.

There was no remuneration paid to key management personnel during the year (2021 - £Nil).

26. Contingencies

The Company entered in a debenture agreement with a bank in June 2019. As a result of this, fixed and floating charges were made over the assets of the Company.

27. Controlling party

The immediate parent undertaking is Integrated Microwave Technology LLC, a company incorporated in the United States of America.

The ultimate parent undertaking and controlling party is Vislink Technologies Inc., a company incorporated in the United States of America. Copies of the group financial statements are available from 240 South Pineapple Avenue Suite, Sarasota, FL 34236, United States of America.

28. Post balance sheet events

Post-year end 2022, there are plans for significant restructuring across the group. A decision is made to exit the business location of Colchester and bring manufacturing to the US. The impact on the company is likely to be an impairment of the manufacturing facility and likely staff severance packages totalling £200,000.

29. Analysis of net debt

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	1,294,087	(720,976)	573,111
	<u>1,294,087</u>	<u>(720,976)</u>	<u>573,111</u>

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

(Mark One)

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

For the fiscal year ended December 31, 2022

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: 001-35988

Vislink Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-5856795
(I.R.S. Employer
Identification No.)

**350 Clark Drive, Suite 125,
Mt. Olive, NJ 07828**
(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code): **(908) 852-3700**

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

Title of each class:	Name of each exchange on which registered:
Common Stock, par value \$0.00001	The Nasdaq Capital Market

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

None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the 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 periods 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 on its corporate Web site, if any, 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 a such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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 ☒

Accelerated filer ☐

Smaller reporting company ☒

Emerging growth company ☐

If an emerging growth company, indicate by a 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 is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2022, the last business day of the registrant’s most recently completed second fiscal quarter, the aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$28.4 million based on the closing price of \$0.60 for the registrant’s common stock as quoted on the Nasdaq Capital Market on that date. Shares of common stock held by each director, each officer, and each person who owns 10% or more of the outstanding common stock have been excluded from this calculation in that such persons may be deemed affiliates. The determination of affiliate status is not necessarily conclusive.

The registrant had 47,619,317 shares of its common stock outstanding as of March 16, 2023.

VISLINK TECHNOLOGIES, INC.
FORM 10-K
ANNUAL REPORT
For the Fiscal Year Ended December 31, 2022

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FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K (including the section regarding Management's Discussion and Analysis of Financial Condition and Results of Operations) (the "Report") contains forward-looking statements regarding our business, financial condition, results of operations, and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and similar words and phrases are intended to identify forward-looking statements. However, this is not an all-inclusive list of words or phrases identifying forward-looking statements in this Report. Also, all information concerning future matters is forward-looking statements.

Although forward-looking statements in this Report reflect our management's good faith judgment, such information can only be based on facts and circumstances currently known by us. Forward-looking statements are inherently subject to risks and uncertainties, and actual results and outcomes may differ materially from those discussed or anticipated by the forward-looking statements. Without limitation, factors that could cause or contribute to such differences in results and outcomes include those discussed elsewhere in this Report.

We file reports with the Securities and Exchange Commission ("SEC"), and those reports are available free of charge on our website (www.vislinktechnologies.com) under "About/Investor Information/SEC Filings." The reports available include our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, which are available as soon as reasonably practicable after we electronically file such materials or furnish them to the SEC. You can also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You can obtain additional information about the Public Reference Room's operation by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site (www.sec.gov) containing reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

We undertake no obligation to revise or update any forward-looking statements to reflect any event or circumstance that may arise after the date of this Report. We urge you to carefully review and consider all the disclosures made in this Report.

PART I

Item 1. Business

Overview

Vislink, incorporated in Delaware in 2006, is a global technology business specializing in collecting, delivering, and managing high-quality, live video and associated data from the action scene to the viewing screen. Vislink provides solutions for collecting live news, sports, entertainment, and news events for the broadcast markets. Vislink also furnishes the surveillance and defense markets with real-time video intelligence solutions using various tailored transmission products. The Vislink team also provides professional and technical services utilizing a staff of technology experts with decades of applied knowledge and real-world experience in the terrestrial microwave, satellite, fiber optic, surveillance, and wireless communications systems delivering a broad spectrum of customer solutions.

Live Broadcast:

Vislink delivers an extensive portfolio of solutions for live news, sports, and entertainment industries. These solutions include video collection, transmission, management, and distribution via microwave, satellite, cellular, I.P. (Internet Protocol), MESH, and bonded cellular/5G networks. We also provide solutions utilizing A.I. (Artificial Intelligence) technologies to provide automated news and sporting events coverage. With over 50 years in operation, Vislink has the expertise and technology portfolio to deliver fully integrated, seamless, end-to-end solutions.

Industry-wide contributors acknowledge Vislink's live broadcast solutions. The transmission of most of all outside wireless broadcast video content uses our equipment, with over 200,000 systems installed worldwide. We work closely with the majority of the world's broadcasters. Vislink wireless cameras and ultra-compact encoders help bring many of the world's most prestigious sporting and entertainment events to life. Recent examples include globally watched international sporting contests, award shows, racing events, and annual music and cultural events.

Military And Government:

Vislink has developed high-quality solutions to meet surveillance and defense markets' operational and industry challenges based on our knowledge of live video delivery. Vislink solutions are specifically designed with interagency cooperation, utilizing the internationally-recognized I.P. platform and a web interface for video delivery. Vislink provides comprehensive video, audio, and data communications solutions to law enforcement and the public safety community, including Airborne, Unmanned Systems, Maritime, and Tactical Mobile Command Posts. These solutions may include:

- integrated suites of airborne downlink transmitters, receivers, and antenna systems
- data and video connectivity for airborne, marine, and ground assets
- UAV video distribution
- flexible support for COFDM and bonded cellular/5G Networks
- terrestrial point-to-point
- tactical mobile command
- IP-based, high-end encryption, full-duplex, real-time connectivity at extended operating ranges
- high-throughput air/marine/ground-to-anywhere uplink and downlink systems
- secure live streaming platforms for use in mobile and fixed assets
- personal portable products

Vislink public safety and surveillance solutions are deployed worldwide, including throughout the U.S., Europe, and the Middle East, at the local, regional, and federal levels of operation, criminal investigation, crisis management, mobile command posts, and field operations. These solutions are designed to meet the demands of field operations, command centers, and central receiving sites. Short-range and long-range solutions are available in areas including established infrastructure and exceptionally remote regions, making valuable video intelligence available regardless of location.

Satellite Communications:

Over 30 years of technical expertise support Vislink's satellite solutions. These solutions ensure robust, secure communications while delivering low transmission costs for any organization that needs high-quality, reliable satellite transmission. We offer turnkey solutions that begin with state-of-the-art coding, compression, and engine modulation and end with our robust, lightweight antenna systems. Vislink Satellite solutions focus heavily on being the smallest, lightest, and most efficient in their categories, making transportation and ease of use a key driver in the customer experience. Vislink offers an extensive range of satellite designs that allow customers to optimize bit rate, size, weight, and total cost. Our satellite systems are used extensively globally, with over 2,000 systems deployed by governments, militaries, and broadcasters. While we continue offering satellite solutions, we no longer invest in the engineering and product development necessary to stay relevant in the sector. We will continue to market and sell our current solutions but do not anticipate introducing further upgrades or features to our satellite product line.

Connected Edge Solutions:

Vislink offers the hardware and software solutions needed to acquire, produce, contribute, and deliver video over all private and public networks with the Mobile Viewpoint acquisition. Connected edge solutions aid the video transport concept of ubiquitous IP networks and cloud-scale computing across 5G, WiFi6, Mesh, and COFDM-enabled networks. These solutions include:

- Live video encoding, stream adaptation, decoding, and production solutions
- Remote production workflows
- Wireless cameras
- AI-driven automated production
- Ability to contribute video over:
 - Bonded cellular (3G and 4G)
 - Satellite
 - Fiber
 - Emerging networks, including 5G and Starlink

Our Strategy

Our participation in the Live Production, Mil/Gov, and Satellite sectors allows us to offer various end-to-end, high-reliability, high-data-rate, long-range wireless video transmission solutions.

We use our solutions for applications in growing market segments, including in-game sports, mobile video feeds, real-time capture and display footage from drones and other aerial platforms, and rapid-response electronic newsgathering operations.

The acquisition of Mobile Viewpoint (“MVP”) in August 2021 is a component of our strategy to provide an industry-leading portfolio of live video acquisition, contribution, and distribution solutions that meet the demanding needs of media, enterprise, defense, and government organizations. Vislink and its customers will benefit from the ability to address the most transformative trends in today’s live video market, such as:

- Live internet video traffic is growing fast: from 2016 to 2021, there was a 15-fold increase in live video internet traffic (71.9% CAGR);
- The acceleration towards cloud-based remote production;
- The increasing demand for enhanced video content formats such as 4K, 8K, and 360-degree video; and
- The proliferation of new video transport capable networks such as 5G and Starlink.

The acquisition will permit the Company to expand its offerings, which serve the most of these transformative live video trends and bring high-quality live production economically to the previously challenging presentation of historical events involving amateur and semi-pro athletics. MVP’s technology enhances our go-to-market strategy as we seek to take advantage of new technologies such as 5G and other new networks and machine learning, which we believe are revolutionizing how video is generated and transported.

Market

Our services and product offerings broadly address Live Production, Mil/Gov, and Satellite markets.

Among the new subsections of the sports and entertainment market, the Company has identified the burgeoning e-sports live-streaming applications markets as those where our solutions have applicability. The Live Production market is focused on applying more agile wireless video systems for live production and broadcast of sports, entertainment, and news events. Drivers in this market include small, lightweight, easy-to-use equipment, low-latency video systems, reliability of the wireless links, and the ability to use licensed and unlicensed bands. Current trends within the market reduce the size of these products further and improve the wireless video systems' agility as users demand higher link reliabilities at longer ranges. There is also an increased desire to provide audiences with new views and camera angles to enhance the viewing experience. We address this need by incorporating 4K, HDR, and other emerging video technologies.

The Live Production market's broadcast news sector looks to improve operational efficiencies in gathering, producing, and transmitting wireless content. Recent trends in the market include a movement towards I.P. connectivity over point-to-point links for infrastructure, high-definition upgrades of remote newsgathering vehicles, and continued pressure to reduce expenses by improving operational efficiencies. Vislink focuses on the specific ways these customers create and gather content wirelessly. As the wireless communications industry begins transitioning to fifth-generation (5G) networks, the speed increases they will usher in expect to augment the availability of on-demand live streaming, where Vislink equipment is already in use.

The Mil/Gov market comprises vital segments, including state and local law enforcement agencies, federal agencies, and military system integrators. The market looks to improve video content's reliability and quality without adding complexity and omitting technical intervention while operating video systems. State and local agencies benefit from the Department of Homeland Security grant programs to improve overall security. Recent trends within these segments include improved interoperability within agencies and demand for fully integrated systems, including robust microwave combined with ubiquitous I.P. networks; as the wireless video systems become more reliable and straightforward to deploy, the wireless systems' option rate increases. Customers within this market include state police forces, sheriff's departments, fire departments, first responders, the Department of Justice, and Homeland Security.

The drive to experience more and better visual communication systems impacts the Satellite market. Live T.V. broadcasting over satellite, and other connectivity types continues to be driven by cost-per-bit economics. Uplink operators are keen to reduce their OPEX costs by investing in greater transmission efficiency via compression and modulation approaches. There is also an interest in high-rate I.P. connectivity products and the desire for fully integrated solutions that enable remote live content capture, production, broadcast, and distribution. While we continue offering satellite solutions, we no longer invest in the engineering and product development necessary to stay relevant in the sector. We will continue to market and sell our current solutions but do not anticipate introducing further upgrades or features to our satellite product line.

Our Products and Solutions: Overview

We offer a full spectrum of wireless video products built around providing complete solutions. We have traditionally focused on developing core product technologies in final assembled products that cross-market segments. Such technology focus areas include R.F., Live Streaming, and microwave component development spanning the frequency range from D.C. to 18GHz, waveform modulation, advanced video encoding (HEVC) and decoding, 4K UHD (Ultra High Definition) camera systems, and digital signal processing. Through these products, we are positioned with significant technology I.P. and an established reputation for rapidly and economically delivering complex, bespoke engineering products and solutions to customers that are expertly managed to tight deadlines. Production of these products can quickly be scaled to respond to changes in market demand.

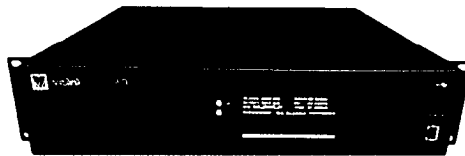
Live Production Products and Solutions

Vislink Live Production Solutions include high-definition communication links that reliably capture, transmit and manage live event footage. We offer a line of high-margin wireless camera transmitter and receiver products that may be interconnected over I.P. networks, expanding and simplifying their widespread use and significantly reducing deployment costs. HCAM is a 4K Ultra HD-capable on-camera wireless system designed to cover significant events among our transmitter products. Our flagship receiver product is the Quantum Receiver. The Quantum is an ultra-low latency, waveform agnostic central receiver representing the Vislink premier receiver in all market verticals, including MilGov. Features include HEVC quad signal decode, seamless geographical coverage, and an I.P. stream engine with cloud integration possibilities, OTT, and social media platforms. IP Link 3.0 is a studio-transmitter link system that enables broadcasting service platforms to access new monetization opportunities. Other essential receiver products include the ViewBack, CRx6, and CIRAS-X6. ViewBack is a lightweight, low-power, low latency, dual-channel diversity receiver-decoder that enables quicker production, more efficient editing, and more effective collaboration between camera operators and studio teams. We also offer ultra-compact onboard solutions integrating our MDR (Multi-Channel Diversity Receive System) technology with ruggedized support components designed to capture video from high-speed motorsports.

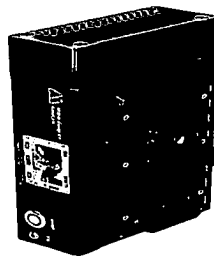
As a result of our acquisition of Mobile Viewpoint, we also offer a portfolio of products that includes the WMT line of mobile encoders and TerraLink rack encoders for live streaming over 4G and 5G, and systems developed using AI technologies for the automated coverage of news and sports productions. The TrolleyLive RemotePro is an all-in-one production unit for remote live broadcasts. LinkMatrix is a central platform for managing all devices and synchronizing all data sources.



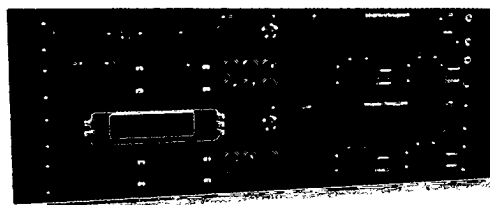
Quantum



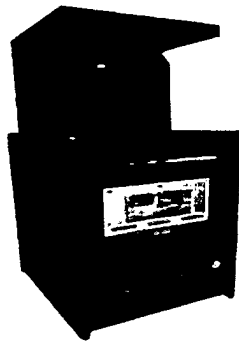
IP Link 3.0



WMT BaseLink Encoder



TerraLink 4CM Rack Encoder

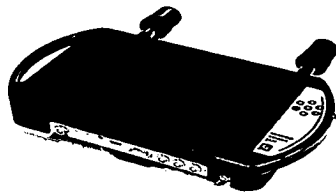


TrolleyLive Remote Pro

Mil/Gov Products and Solutions

In the Mil/Gov sector, Vislink has focused on supplying miniature transmitters and handheld receivers for tactical surveillance and benefits from limited competition in this area. The HHT3 and Mobil Commanders are handheld receivers/monitors designed for tactical situations.

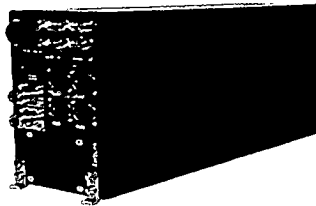
The Airborne Video Downlink System (AVDS) is a comprehensive aerial-based video transmission solution that delivers real-time surveillance to enhance law enforcement, emergency, and critical infrastructure operations. It includes an integrated suite of downlink transmitters, receivers, and antennas that capture real-time, reliable high-definition video from drones, helicopters, and other aircraft for display at command centers, mobile units, and video management systems. AVDS allows an unlimited number of observers to view the video over any network connection, including wired Ethernet, Wi-Fi, I.P. satellite, and I.P. cellular. AeroLink is an aircraft-based transmitter unit that provides bi-directional data transmission and is tightly integrated with other elements of the Vislink AVDS, including the Quantum and other Vislink central receivers. In addition to supporting Mil/Gov applications, AeroLink supports broadcast/ENG applications for transmitting air-based feeds from breaking news and sporting events.



HHT3



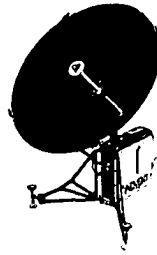
Mobil Commander



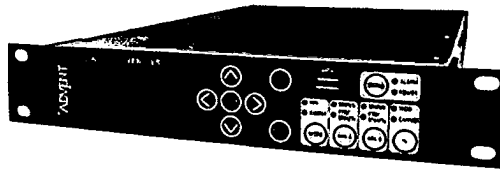
AeroLink

Satellite Products and Solutions

Our top satellite product has historically been MSAT, a highly portable tri-band satellite antenna system designed for rapid deployment in challenging environments. The Vislink Satellite product line features terminals ranging from 65cm man-portable systems to 2.4m flyaway and driveway systems, all available in multiple satellite band configurations. Other Vislink Satellite products include the DVE6100 encoder and IRD6200 decoder electronics units complementing our satellite terminals. They support 4k UHD transmissions and deliver significant bandwidth efficiencies to satellite communications.



MSAT



DVE6100

Competition and Competitive Positioning

Vislink believes its primary competitors are Domo Tactical Communications (formerly a division of Cobham), Silvus Technologies, Persistent Systems, Troll Systems, and several smaller market-specific businesses.

We believe that Vislink represents one of the market share leaders in the professional broadcast and media video transmission sector. We have successfully leveraged our history of broadcast industry leadership, reputation for advanced technology, and the ability to provide end-to-end solutions to maintain and increase our customer base and continue delivering highly competitive offerings. Our products solve a growing market need for regular, high-definition, wireless video communications. Many of our product offerings address applications in growing market segments, including in-game sports-video mobile feeds, real-time capture and display footage from drones and other aerial platforms, and rapid-response electronic newsgathering operations.

Since completing the global rebranding of our solutions under the single Vislink entity in 2018 and the acquisition of MVP in 2021, we believe we can now offer an expanded range of product offerings, additional services, and enhanced capabilities. We believe this expansion of product offerings will position us for continued growth in Live Production and Mil/Gov markets. We continue to market and sell satellite solutions but do not anticipate investing in the engineering and development necessary to offer additional upgrades or features to our current products. We seek to improve margins and control product quality and competitive agility as we refine our production processes.

Sales and Marketing

Our sales team comprises sales managers responsible for defined regional areas, inside sales personnel, and business development representatives focused on targeted sectors and regions, supported by solution engineers trained in technical sales with a given market focus. The sales team focuses on helping current customers and nurturing relationships with prospective customers in key domestic and international markets. We employ a combination of sales channels, including direct-to-end customer sales, network group sales, reseller/integrators, and Original Equipment Manufacturer ("OEM") sales channels to use the most efficient means of reaching customers depending on the market segment. Marketing and public relations activities, digital and print marketing initiatives, the creation of support materials, trade shows, and other event appearances support our sales efforts.

As of December 31, 2022, our business development, sales, and marketing team comprised 22 full-time employees and 4 contractors.

Customers

Vislink has developed a significant following based on our product offerings' reputation for performance, reliability, and advanced technology use. We believe we have developed a diverse and stable customer base among blue-chip, tier-1 clients in Live Production markets and high-profile agencies and organizations in Mil/Gov and Satellite markets.

Manufacturing and Suppliers

We utilize a combination of external contract manufacturers and internal resources to manufacture, test, assure the quality of, and ship our products, allowing us to develop optimal supply chains tailored to our needs on a per-product and per-solution basis. As we advance, we anticipate focusing on our core strengths: innovation and technology design and developing, creating, and exploiting our intellectual property.

We may continue to rely upon third-party components and technology to build our products, particularly in the short term, as we procure components, subassemblies, and products necessary to manufacture our products based on our design, development, and production needs. While parts and supplies are generally available from various sources, we currently depend on a single or limited number of suppliers for several components for our products. We rely on purchase orders rather than long-term contracts with our suppliers. A delay in production could result if a supply disruption of critical components required us to re-engineer our products to incorporate alternate features.

Intellectual Property

We have developed a broad intellectual property portfolio covering wired and wireless communications systems. As of December 31, 2022, we have 17 patents granted in the United States, no patent applications pending, no provisional applications pending, and one disclosure. Internationally, we have two patents granted, no patent applications pending, and no Patent Cooperation Treaty (PCT) applications.

Areas of our development activities that have culminated in filings and/or awarded patents include:

- Self-Organizing Networks;
- R.F. Modulation;
- Compression (protocols, payload, signaling, etc.);
- Modulators/Demodulators;
- Antennas/Shielding;
- Wired and Wireless Networks;
- Media Access Control Protocols; and
- Interference Mitigation.

We protect our intellectual property rights by relying on federal, state, and common law rights and contractual restrictions. We control access to our proprietary technology by entering confidentiality and invention assignment agreements with our employees and contractors and confidentiality agreements with third parties. We also actively monitor activities concerning infringing uses of our intellectual property by third parties.

In addition to these contractual arrangements, we rely on a combination of the trade secret, copyright, trademark, trade dress, domain name, and patents to protect our products and other intellectual property. We own a substantial portion of the copyright interests in the software code used in connection with our products and the brand or title name trademark under our marketed products. We pursue our domain names, trademarks, and service marks in the United States and locations outside the United States. Our registered trademarks in the United States include “xG,” “IMT,” “Vislink,” “Mobile Viewpoint,” and the names of our products, among others.

Circumstances outside our control could pose a threat to our intellectual property rights. For example, adequate intellectual property protection may not be available in the United States or other countries where our products are sold or distributed. Also, our efforts to protect our proprietary rights may not be adequate. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. Also, protecting our intellectual property rights is costly and time-consuming. Any unauthorized disclosure or use of our intellectual property could make it more expensive to do business, harming our operating results.

Mobile wireless communications technology and other industries may own many patents, copyrights, and trademarks. They may frequently request license agreements, threaten litigation, or file a suit against us based on infringement allegations or other violations of intellectual property rights. We may face third-party claims that our competitors and non-practicing entities infringe on their trademarks, copyrights, patents, and other intellectual property rights. As our business grows, we might face more claims of infringement.

Company Information

Effective February 11, 2019, xG Technology, Inc. changed its name to Vislink Technologies, Inc. Our predecessor company was initially incorporated in Delaware in 2006. Our executive offices are at 350 Clark Dr., Suite 125, Mt. Olive, NJ 07828, and (908) 852-3700 is the telephone number. Our website address is www.vislink.com. Our website's information is not part of the report and is only for informational purposes.

Human Capital

Overall

Our business results depend partly on our ability to successfully manage our human capital resources, including attracting, identifying, and retaining key talent. As of December 31, 2022, we employed 109 full-time employees and 4 independent contractors, including 23 in development, two officers, 13 in general and administrative, one in business development, 44 in operations, and 22 in sales and marketing. As a global industrial technology company, many of our employees are engineers or trained trade or technical workers focusing on advanced manufacturing, and many possess advanced college degrees. No labor union represented our employees at any of our worldwide facilities as of December 31, 2022.

The Company emphasizes several measures and objectives in managing its human capital assets, including, among others, employee safety and wellness, talent acquisition and retention, employee engagement, development and training, diversity and inclusion, and compensation. These targeted ideals vary by country/region and may include annual bonuses, stock-based compensation awards, a 401 (k) plan with employee matching opportunities, healthcare, and insurance benefits, health savings and flexible spending accounts, paid time off, family leaves, family care resources, employee assistance programs, and tuition assistance. We also provide our employees access to various innovative, flexible, and convenient health and wellness programs. We designed these programs to support employees' physical and mental health by providing tools and resources to improve or maintain their health status and encourage engagement in healthy behaviors. We consider our employee relations generally to be good.

Covid-19

During the COVID-19 pandemic, our employees' safety remained vital to us. Our response to the global pandemic efforts included implementing health-related protocols that we consider prudent. The Company continues to maintain policies relating to housekeeping, [visitation restrictions, social distancing], sanitization, hygiene, and respiratory etiquette. We retain employee leave policies and accommodations, remote working opportunities and infrastructure, and protocols for not reporting to work and/or when to return to work upon potential and/or confirmed COVID-19 exposure or infection. The use of personal protective equipment is an employee choice and optional for visitors to Company facilities. We support employees' physical and mental health by providing tools and resources to improve or maintain their health status and encourage engagement in healthy behaviors.

Item 1A. Risk Factors

In addition to the other information in this Form 10-K, readers should consider the following essential factors carefully. These factors, among others, in some cases, have affected, and in the future could affect, our financial condition and results of operations and could cause our future results to differ materially from those expressed or implied in any forward-looking statements that appear in this Form 10-K or that we have made or will make elsewhere.

Risk Factor Summary

The following summarizes certain factors that may make our company's investment speculative or risky. You should carefully consider the entire risk factor disclosure outlined in this Annual Report, in addition to the other information herein, including the section of this Report titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes.

- We have incurred losses in the past and may be unable to achieve or sustain profitability in the future.
- We may need to raise additional capital to fund our existing commercial operations, develop and commercialize new products and expand our operations.
- If we cannot regain or maintain compliance with Nasdaq's applicable continued listing requirements or standards, Nasdaq could delist our Common Stock.
- We face risks related to COVID-19, which could significantly disrupt our operations and adversely impact us and our business.
- We may require additional capital to develop and market new products. If we do not obtain additional financing, our business prospects, financial condition, and results of operations will be adversely affected if required.
- Our industry is highly competitive, and we may not compete effectively.
- Defects or errors in our products and services or products made by our suppliers could harm our brand and relations with our customers and expose us to liability. If we experience product recalls, we may incur significant expenses and experience decreased demand for our products.
- We acknowledge material weaknesses in the controls and procedures of our financial reporting. In the future, we may identify additional material weaknesses that may cause us to fail to meet our reporting obligations, including timeliness, or result in material misstatements of our financial statements.
- We rely on key executive officers, and their knowledge of our business and technical expertise would be difficult to replace.
- We purchase some components, subassemblies, and products from a limited number of suppliers. The loss of these suppliers may substantially disrupt our ability to obtain orders and fulfill sales as we design and qualify new components.
- Our intellectual property protections may be insufficient to safeguard our technology adequately.
- We may be subject to claims of intellectual property infringement or invalidity. Expenses incurred for monitoring, protecting, and defending our intellectual property rights could adversely affect our business.
- Enforcement of our intellectual property rights abroad, particularly in China, is limited, and it is often difficult to protect and enforce such rights.
- The intellectual property rights of others may prevent us from developing new products or entering new markets.
- We may be subject to infringement claims in the future.
- If our technology did not work as planned or was unsuccessful in developing and selling new products or penetrating new markets, our business and operating results would suffer.
- Demand for our defense-related products and products for emergency response services depends on government spending.
- Regulation of the telecommunications industry could harm our operating results and prospects.
- New regulations or standards or changes in existing laws or standards in the United States or internationally related to our products may result in unanticipated costs or liabilities, which could have a material adverse effect on our business, results of operations, and future sales, and could place additional burdens on the operations of our business.
- Our industry is subject to rapid technological change, and we must make substantial investments in new products, services, and technologies to compete successfully.
- At several of our annual stockholder meetings, including our 2019 Annual Meeting of Stockholders, we failed to obtain ratification by our stockholders of specific proposals submitted for approval of our stockholders at prior annual meetings, which could be deemed defective corporate acts.

Risks Related to the COVID-19 Pandemic

The COVID-19 pandemic has unfavorably affected the Company's business, financial condition, and operating results and could affect the Company's liquidity. We cannot predict, with any certainty, how future events may affect our operations in the near and long-term in the COVID-19 pandemic environment.

The COVID-19 pandemic and the continued measures to reduce its spread have negatively impacted the global economy, disrupted consumer/customer demand and supply chains, and created significant volatility and financial market disruption. These measures and the continued volatility of the worldwide economy adversely affected our results of operations for 2022.

The extent to which COVID-19 will impact our business remains uncertain and will depend on various changing factors on a day-to-day basis. We may not be able to predict such items accurately as:

- the duration and scope of the pandemic,
- the disruption of the national and global economy,
- the span of the economic downturn,
- the laws, programs, actions, and vaccine mandates that federal, state, and local governments will enact or take,
- the possibility to which our clients' businesses contract or fail,
- the applicability to which new regulations intended to help small and medium-sized businesses,
- the extent to which our operations are impacted by facility closures, remote work, and/or infections,
- and how quickly and to what time normal economic and operating conditions can resume.

These factors could exacerbate the risks and uncertainties related to the COVID-19 pandemic.

Risks Related to the Company and Our Business

We have incurred losses in the past and may be unable to achieve or sustain profitability in the future.

We have incurred net losses since inception, including net losses of \$13.6 million and \$16.4 million for the years ended December 31, 2022, and 2021, respectively. As a result of ongoing losses, as of December 31, 2022, we had an accumulated deficit of \$300.1 million and \$25.6 million of cash. We expect to continue to incur significant sales and marketing, product development, regulatory and other expenses as we seek to expand existing relationships with our customers, obtain new customers, reach new markets, and develop new products or add new features to our existing products. Our net income (loss) may fluctuate significantly from fiscal period to period. We will need to generate significant additional revenues and/or cost-cutting to achieve and sustain profitability, and even if we achieve profitability, we cannot be sure that we will remain profitable for any substantial period of time. Our failure to achieve or maintain profitability could negatively impact the value of our common stock.

We may need to raise additional capital to fund our existing commercial operations, develop and commercialize new products and expand our operations.

Suppose our available cash balances, potential borrowing capacity, and anticipated cash flow from operations are insufficient to satisfy our liquidity requirements, including because of lower demand for our products, whether as a result of the risks described in this Annual Report on Form 10-K or otherwise, we may seek to sell common or preferred equity or debt securities, other forms of third-party funding or seek debt financing. Our current and future funding requirements will depend on many different factors, including:

our ability to achieve revenue growth and improve operating margin;

- the cost of expanding our operations and offerings, including our sales and marketing efforts;
- our rate of progress in, and cost of the sales and marketing activities associated with, establishing adoption of our products and maintaining or improving our sales to our current customers;
- the cost of research and development activities, including research and development relating to new products and technologies or features for existing products;
- the effect of competing technological and market developments;
- costs related to international expansion; and
- the potential cost and delays resulting from regulatory oversight of our business and products.

We may also consider raising additional capital in the future to expand our business, pursue strategic investments, take advantage of financing opportunities, or for other reasons, including:

- expand our sales and marketing efforts to increase market adoption of our products and address competitive developments;
- fund development and marketing efforts of any future products or additional features to then-current products;
- acquire, license, or invest in new technologies;
- provide for supply and inventory costs associated with plans to accommodate potential increases in demand for our products;
- acquire or invest in complementary businesses or assets; and
- finance capital expenditures and general and administrative expenses.

Additional capital may not be available to us at such times or in needed amounts. Even if capital is available, it might be available only on unfavorable terms. Any issuance of additional equity or equity-linked securities could be dilutive to our existing stockholders, and any new equity securities could have rights, preferences, and privileges superior to those of holders of our common stock. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt, pay dividends, repurchase our stock, make investments, and engage in merger, consolidation, or asset sale transactions. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish or license some rights to our technologies or products on terms that are not favorable to us. If access to sufficient capital is not available as and when needed, our business will be materially impaired, and we may be required to cease operations, curtail one or more product development or expansion programs, significantly reduce expenses, sell assets, seek a merger or joint venture partner, file for protection from creditors or liquidate all our assets.

We face risks related to COVID-19, which could significantly disrupt our operations and adversely impact us and our business.

The enduring effect of the COVID-19 pandemic, including the advent of Delta and Omicron variants, plus the uncertainty of possible future variants, may subject the Company to particular challenges in its business, financial condition, results of operations, and cash flows. The timing and efficacy of the vaccination programs in the jurisdictions in which the Company operates and the actions implemented to contain the impact of COVID-19 by Federal and local governments limit determining the foreseeable resulting economic effects with any level of predictability.

We may require additional capital to develop and market new products. If we do not obtain additional financing, our business prospects, financial condition, and results of operations will be adversely affected if required.

We may require additional capital to develop new products in the future, and we may not be able to secure adequate additional financing when needed on acceptable terms or at all. To execute our business strategy, we may issue additional equity securities in public or private offerings, potentially at discounts to the current or future market price of our Common Stock. If we cannot secure additional funding, we may be forced to forego strategic opportunities or delay, scale back, and eliminate future product development.

Our industry is highly competitive, and we may not compete effectively.

The communications industry is highly competitive, rapidly evolving, and constantly technological change. We expect that new competitors are likely to join existing competitors. Many of our competitors may be larger and have more excellent financial, technical, operational, marketing, and other resources and experience than we do. If a competitor expends significant resources, we may not compete successfully. Also, the pace of technological change makes it impossible for us to predict whether we will face new competitors using different technologies to provide products. If our competitors were to offer better and more cost-effective products than our products, we might not be able to capture any significant market share.

Defects or errors in our products and services or products made by our suppliers could harm our brand and relations with our customers and expose us to liability. If we experience product recalls, we may incur significant expenses and experience decreased demand for our products.

Our products are inherently complex and may contain defects and errors that are only detectable when the products are in use. Because our products are used for personal and business purposes, such faults or errors could severely impact our end customers, damaging our reputation and customer relationships and exposing us to liability. Defects or impurities in our components, materials, or software, equipment failures, or other difficulties could adversely affect our customers' ability to ship products on a timely basis and customer or licensee demand for our products. Any shipment delays or declines in demand could reduce our revenues and harm our ability to achieve or sustain desired levels of profitability. Our customers may also experience component or software failures or defects requiring significant product recalls, rework, and/or repairs not covered by warranty reserves.

We acknowledge material weaknesses in the controls and procedures of our financial reporting. In the future, we may identify additional material weaknesses that may cause us to fail to meet our reporting obligations, including timeliness, or result in material misstatements of our financial statements. If we continue to remediate our material weaknesses or implement effective controls and procedures for our financial reporting, our ability to accurately and timely report our financial results could be adversely affected, which would likely adversely affect the value of our Common Stock.

The Company's management is responsible for establishing and maintaining internal controls over financial reporting. Internal Control Over Financial Reporting is a process designed by and under the supervision of the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's Board, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes under generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements following generally accepted accounting principles and that receipts and expenditures of the Company are being made only by authorizations of its management and Board; and
- Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on its financial statements.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our consolidated financial statements would be prevented or detected. Also, projections of any effectiveness evaluation 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.

Our management evaluated the effectiveness of our internal control over financial reporting as of December 31, 2022, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013). In their assessment of the effectiveness of internal control over financial reporting as of December 31, 2022, management concluded that such control was ineffective and that there were control deficiencies that constituted material weaknesses because (i) we currently do not employ the appropriate number of accounting personnel to ensure (a) we maintain proper segregation of duties, (b) conduct a tolerable risk assessment, and (ii) we have not adequately documented a complete assessment of the effectiveness of the design and operation of our internal control over financial reporting.

We are designing and implementing measures to improve our internal control over financial reporting to remediate the material weaknesses related to our financial reporting as of December 31, 2022. Management has engaged a third-party consultant to identify and document our internal control deficiencies and provide an assessment of current controls and recommendations regarding remediation efforts to eliminate or mitigate the control deficiencies. Until we can remediate this situation, there are no assurances that the material weaknesses in our disclosure controls and procedures and internal control over financial reporting will not result in errors in our financial statements, which could lead to a restatement of those financial statements.

The Company is in the process of affecting the following:

- additional review procedures within our accounting and finance department,
- Implement application controls in our accounting system, and
- Implementing suitable accounting controls and processes.

If we cannot conclude on an ongoing basis that we have effective internal control over financial reporting under Section 404 of the Sarbanes Oxley Act of 2002, in that case, our independent registered public accounting firm may not issue an unqualified opinion or cause us to be untimely concerning our reporting obligations. If we cannot conclude that we have effective internal control over financial reporting, investors could lose confidence in our reported financial information, which could have a material adverse effect on the trading price of our common stock. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets. We will not fully correct the identified material weaknesses until the ongoing steps described above are effectively attained and operating efficiently for an appropriate time.

Our charter documents and Delaware law could prevent a takeover that stockholders consider favorable and reduce our Common Stock's market price.

Our amended and restated certificate of incorporation ("Certificate of Incorporation") and our Bylaws contain provisions that could delay or prevent a change in our Company's control. These provisions could also make it more difficult for stockholders to elect directors and take other corporate actions. These provisions include:

- authorizing the Board to issue, without stockholder approval, preferred stock with rights senior to those of our Common Stock;
- limiting the persons who may call special meetings of stockholders; and
- they require advance notification of stockholder nominations and proposals.

Also, the provisions of Section 203 of the DGCL govern us. These provisions may prohibit large stockholders, particularly those owning 15% or more of our outstanding voting stock, from merging or combining with us for a specific time without our Board's consent. These and other provisions in our Certificate of Incorporation and our Bylaws and under Delaware law could discourage potential takeover attempts, reduce the price that investors might be willing to pay in the future for shares of our Common Stock and result in the market price of our Common Stock being lower than it would be without these provisions.

Although our products may not cause users technical issues, our business and reputation may be harmed if users perceive our solutions to cause a slow or unreliable network connection or a high-profile network failure.

We expect our products to be in many different locations and user environments and can provide transmission of video, mobile broadband connectivity, and interference mitigation, among other applications. Our products' ability to operate effectively can be negatively impacted by many different elements unrelated to our products. Although our products may not cause technical issues, users often may perceive the underlying cause of our technology's poor performance. This perception, even if incorrect, could harm our business and reputation. Similarly, a high-profile network failure may be caused by improper operation or failure of a network component we did not supply. Still, other service providers may perceive that our products were implicated, which, even if incorrect, could harm our business, operating results, and financial condition.

Our ability to sell our products will be highly dependent on the quality of our support and service offerings, and our failure to offer high-quality support and services would adversely affect our sales and the results of operations.

Once our products are deployed, our channel partners and end customers will depend on our support organization to resolve any issues relating to our products. A high level of support will be necessary for our products' successful marketing and sale. In many cases, our channel partners will likely provide support directly to our end customers, and we will not have complete control over the quality of the support supplied by our channel partners. These channel partners may also support other third-party products, potentially distracting resources from support for our products. Suppose our channel partners do not effectively assist our end customers in deploying our products, succeed in helping our end customers quickly, resolve post-deployment issues, or provide adequate ongoing support. In that case, our ability to sell our products to existing end customers could be adversely affected, and our reputation with potential end customers could be harmed. We sometimes guarantee a certain performance level to our channel partners and end customers, which could prove resource-intensive and expensive if unforeseen technical problems arise.

We are subject to increasing operating costs and inflation risks, which may adversely affect our performance.

While we attempt to offset increases in operating costs through various measures focused on increasing revenues, there is no assurance that we will do so. Therefore, operating expenses may rise faster than associated revenues resulting in a material adverse impact on our cash flow and margins.

We are also impacted by inflationary increases in wages and benefits, whether driven by competition for talent or ordinary course pay increases and other rising costs. Increases in the rate of inflation could also significantly impact our cost base. In all countries in which we operate, wage inflation, whether driven by competition for talent or ordinary course pay increases, may also increase our cost of providing services and reduce our profitability if we are not able to pass those costs on to our clients or charge premium prices when justified by market demand.

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We may fail to recruit and retain qualified personnel.

We expect to rapidly expand our operations and grow our sales, development, and administrative functions. This expansion is expected to significantly strain our management and require hiring a considerable quantity of qualified personnel. Accordingly, recruiting and retaining such personnel in the future will be critical to our success. There is intense competition from other companies for qualified personnel in our activities. Suppose we fail to identify, attract, retain, and motivate this highly skilled personnel. In that case, we may be unable to continue our marketing and development activities, which could adversely affect our business, financial condition, results of operations, and prospects.

We rely on key executive officers, and their knowledge of our business and technical expertise would be difficult to replace.

We depend highly on our executive officers because of their expertise and experience in the telecommunications industry. We have agreements with our executive officers containing customary non-disclosure, non-compete, confidentiality, and assignment of inventions provisions. Our officers do not have "key person" life insurance policies. The loss of our key personnel's technical knowledge, management, and industry expertise could result in delays in product development, loss of customers and sales, and diversion of management resources, adversely affecting our operating results.

We purchase some components, subassemblies, and products from a limited number of suppliers. The loss of these suppliers may substantially disrupt our ability to obtain orders and fulfill sales as we design and qualify new components.

We sometimes rely on third-party components and technology to build and operate our products, and until full integration with IMT and VCS, we may rely on our contract manufacturers to obtain the parts, subassemblies, and products necessary for the manufacture of our products. Shortages in components we use in our products are possible, and our ability to predict such components' availability is limited. While parts and supplies are generally available from various sources, our contract manufacturers currently depend on a single or limited number of suppliers for several of our products. If our suppliers of these components or technology were to enter into exclusive relationships with other providers of wireless networking equipment or were to discontinue providing such components and technology to us, and we could not replace them cost-effectively or at all, our ability to provide our products would be impaired. Our contract manufacturers generally rely on purchase orders rather than long-term contracts with these suppliers.

Specific supply chains disruptions, such as the armed conflict between Russia and Ukraine, trade sanctions, and similar events, may also arise. It may be difficult for us to assess the ability of our suppliers to timely meet our demand in the future based on past performance. As a result, even if available, our contract manufacturers and we may not secure sufficient components at reasonable prices or acceptable quality to build our products on time. Therefore, we may be unable to meet customer demand for our products, adversely affecting our business, operating results, and financial condition.

We do not have long-term contracts with our existing contract manufacturers. The loss of any of our current contract manufacturers could adversely affect our business, operating results, and financial condition.

We do not have long-term contracts with our existing contract manufacturers. If any of our current contract manufacturers are unable or unwilling to manufacture our products in the future, the loss of such contract manufacturers could adversely affect our business, operating results, and financial condition.

Our intellectual property protections may be insufficient to safeguard our technology adequately.

Given the rapid pace of innovation and technological change within the wireless and broadband industries, our personnel, consultants, and contractors' technical and creative skill and ability to develop, enhance, and market new products and upgrades to existing products are critical to continued success. Our success and ability to compete effectively depend on the proprietary technology we have developed internally. We rely primarily on patent laws to protect our proprietary rights. As of December 31, 2021, in the United States, we have 17 patents granted, no patent applications pending, and no provisional applications pending. Internationally, we have 2 patents granted and no patent applications pending. There can be no assurance that patents awaiting or future patent applications will be issued or that we would have the resources to protect any such issued patent from infringement if issued.

Further, we cannot patent much critical technology to our business. To date, we have relied on copyright, trademark, and trade secret laws, as well as confidentiality procedures, non-compete and/or work-for-hire invention assignment agreements, and licensing arrangements with our employees, consultants, contractors, customers, and vendors, to establish and protect our rights to this technology and, to the best extent possible, control the access to and distribution of our technology, software, documentation, and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use this technology without authorization. Policing unauthorized use of this technology is challenging. There can be no assurance that our steps will prevent the misappropriation of or prevent unauthorized third parties from obtaining or using the technology we rely on. Also, adequate protection may be unavailable or limited in some jurisdictions. Litigation may be necessary in the future to enforce or protect our rights.

We may be subject to claims of intellectual property infringement or invalidity. Expenses incurred for monitoring, protecting, and defending our intellectual property rights could adversely affect our business.

Competitors and others may infringe on our intellectual property rights or allege we have violated theirs. If we are found to infringe on others' rights, we could be required to discontinue offering certain products or systems, pay damages, or purchase a license to use the intellectual property in question from its owner. Monitoring infringement and misappropriation of intellectual property can be difficult and expensive, and we may be unable to detect infringement or misappropriation of our proprietary rights. We may also incur significant litigation expenses in protecting our intellectual property or defending our use of intellectual property, reducing our ability to fund product initiatives. These expenses could hurt our future cash flows and the results of operations. Litigation can also distract management from the day-to-day operations of the business.

Enforcement of our intellectual property rights abroad, particularly in China, is limited, and it is often difficult to protect and enforce such rights.

Many companies have encountered substantial intellectual property infringement in countries where we sell, or intend to sell, products or have our products manufactured. Patent protection outside the United States is generally not as comprehensive as in the United States and may not protect our intellectual property in some countries where our products are sold or may be sold in the future. Even if patents are granted outside the United States, effective enforcement may not be available in those countries.

In particular, the legal regime relating to China's intellectual property rights is limited, and it is often difficult to protect and enforce such rights. The regulatory scheme for implementing China's intellectual property laws may not be as developed as other countries' regulatory schemes. Any advancement of an intellectual property enforcement claim through China's regulatory system may require extensive time, allowing intellectual property infringers to continue mostly unimpeded, to our commercial detriment in the Chinese and other export markets. Also, rules of evidence may be unclear, inconsistent, or difficult to comply with, making it difficult to prove infringement of our intellectual property rights. As a result, enforcement cases involving technology, such as copyright infringement of software code or unauthorized manufacture or sale of products containing patented inventions, may be difficult or impossible to sustain.

These factors may make it increasingly complicated for us to enforce our intellectual property rights against parties misappropriating or copying our technology or products without our authorization, allowing competing enterprises to harm our business in the Chinese or other export markets by affecting the pricing for our products, reducing our sales and diluting our brand or product quality reputation.

The intellectual property rights of others may prevent us from developing new products or entering new markets.

The telecommunications industry is characterized by the rapid development of new technologies, which requires us to continuously introduce new products and expand into new markets that may be created. Therefore, our success depends on adapting our products and systems, incorporating new technologies, and growing into markets that new technologies may design. If technologies are protected by others' intellectual property rights, including our competitors, we may be prevented from introducing new products or expanding into new markets created by these technologies. If others' intellectual property rights prevent us from using innovative technologies, our financial condition, operating results, or prospects may be harmed.

We may be subject to infringement claims in the future.

We may be unaware of filed patent applications and issued patents that could include claims covering our products. Parties making claims of infringement may be able to obtain injunctive or other equitable relief that could effectively block our ability to sell or supply our products or license our technology and cause us to pay substantial royalties, licensing fees, or damages. The defense of any lawsuit could divert management's efforts and attention from ordinary business operations and result in time-consuming and expensive litigation, regardless of the merits of such claims. These outcomes may (i) require us to stop selling products or using technology that contains the allegedly infringing intellectual property; (ii) need us to redesign those products that have the allegedly infringing intellectual property; (iii) require us to pay substantial damages to the party whose intellectual property rights we may be found to be infringing; (iv) result in the loss of existing customers or prohibit the acquisition of new customers; (v) cause us to attempt to obtain a license to the relevant intellectual property from third parties, which may not be available on reasonable terms or at all; (vi) materially and adversely affect our brand in the market place and cause a substantial loss of goodwill; (vii) cause our stock price to decline significantly; (viii) materially and adversely affect our liquidity, including our ability to pay debts and other obligations as they become due; or (ix) lead to our bankruptcy or liquidation.

We rely on the availability of third-party licenses. If these licenses are available only on less favorable terms or not in the future, our business and operating results will be harmed.

We have incorporated third-party licensed technology into our products. It may be necessary to renew licenses relating to these products or seek additional licenses for existing or new products. There can be no assurance that the required licenses will be available on acceptable terms or at all. The inability to obtain specific licenses or other rights, or to obtain those licenses or rights on favorable terms, or the need to engage in litigation regarding these matters could result in delays in product releases until such time, if ever, as equivalent technology could be identified, licensed or developed and integrated into our products and might have a material adverse effect on our business, operating results and financial condition. Moreover, the inclusion in our products of intellectual property licensed from third parties on a nonexclusive basis could limit our ability to protect our proprietary rights.

We expect to base our inventory purchasing decisions on our forecasts of customers' demand, and if our forecasts are inaccurate, our operating results could be materially harmed.

As our customer base increases, we expect to place orders based on customer demand forecasts with our contract manufacturers. Our forecasts will be based on multiple assumptions, each of which may cause our estimates to be inaccurate, affecting our ability to provide products to our customers. When demand for our products increases significantly, we may not be able to meet demand on a timely basis, and we may need to expend a significant amount of time working with our customers to allocate limited supply and maintain positive customer relations, or we may incur additional costs to rush the manufacture and delivery of other products. If we underestimate customers' demand, we may forego revenue opportunities, lose market share, and damage customer relationships. Conversely, if we overestimate customer demand, we may purchase more inventory than we can sell at any given time or at all. Also, we grant our distributors stock rotation rights, which require us to accept stock back from a distributor's inventory, including obsolete inventory. As a result of our failure to correctly estimate the demand for our products, we could have excess or obsolete inventory, resulting in a decline in our inventory value, which would increase our costs of revenues and reduce our liquidity. Our failure to accurately manage inventory relative to demand would adversely affect our operating results.

If our technology did not work as planned or was unsuccessful in developing and selling new products or penetrating new markets, our business and operating results would suffer.

Our ability to compete successfully depends on our ability to design, develop, manufacture, assemble, test, market, and support new products and enhancements on a timely and cost-effective basis to keep pace with market needs and satisfy customers' demands. Our success and ability to compete depend on the technology we have developed or may develop in the future. There is a risk that the technology we have developed or may develop may not work as intended or that the technology marketing may not be as successful as anticipated. Further, the markets in which our customers and we compete or plan to compete are characterized by regularly and rapidly changing technologies and technological obsolescence. A fundamental technological shift in our target markets could harm our competitive position. Our failure to anticipate these shifts, develop new technologies, or react to changes in existing technologies could materially delay our development of new products, resulting in product obsolescence, decreased revenue, and a loss of customer wins to our competitors. New technologies and products require substantial investment and long development and testing periods before being commercially viable. We intend to continue to make significant investments in developing new technologies and products, and it is possible that we may not successfully be able to build or acquire new products or product enhancements that compete effectively within our target markets or differentiate our products based on functionality, performance or cost and that our latest technologies and products will not result in meaningful revenue. Any delays in developing and releasing new or enhanced products could cause us to lose revenue opportunities and customers. Any technical flaws in product releases could diminish our products' innovative impact and harm customer adoption and reputation. If we fail to introduce new products that meet our customers' demands or target markets, do not achieve market acceptance, or fail to penetrate new markets, our revenue will not increase over time, and our operating results and competitive position will suffer.

We rely extensively on information technology systems and could face cybersecurity risks.

We rely extensively and increasingly on information technologies and infrastructure to manage our business, including developing new business opportunities and digital streaming products and services. Our business operations depend on secure transmission and other data and video processing over the internet and interconnected systems. Malicious technology-related events, such as cyberattacks, computer hacking, computer viruses, ransomware, worms, and other destructive or disruptive software and other attempts to gain access to confidential or personal data, denial of service attacks, and other malicious activities are becoming increasingly diverse and sophisticated, and the incidence of these events is on the rise worldwide and highlights the need for continual and effective cybersecurity awareness and education. Our business, which involves the collection, use, transmission, and other distribution of data and video, may make us and our clients and business partners attractive targets of hackers, denial of service attacks, malicious code, phishing attacks, ransomware attacks, and other threat actors, including malicious insiders (such as employees and prior employees), which may result in security incidents, including the unauthorized access, misuse, loss, corruption, inaccessibility, or destruction of this data (including personal, confidential and sensitive information), unavailability of services, or other adverse events. We have in the past faced cyber-attacks of this nature, and we expect to continue to face such attacks in the future. Some of these attacks have been successful, although none to date have been material. We cannot guarantee that our defensive measures will prevent such attacks in the future. These types of cyber-attacks and incidents can give rise to various losses and costs, including legal exposure and regulatory fines, damages to reputation, and others. If successful, these incidents could also materially disrupt operational systems and result in the loss of intellectual property, trade secrets, other proprietary or competitively sensitive information, and general data (including personal information).

Data breaches and improper use of social media by employees and others may risk sensitive data, such as personal information, strategic plans, and trade secrets, being exposed to third parties or the general public. Any such breaches or breakdowns could expose us to legal liability, be expensive to remedy, result in a loss of our or our clients' or vendors' proprietary information, and damage our reputation. Efforts to develop, implement and maintain security measures are costly, may not successfully prevent these events from occurring, and may require ongoing monitoring and updating as technologies and cyberattack techniques change frequently or are not recognized until successful.

Furthermore, computer malware, viruses, hacking, and phishing attacks have become more prevalent in our industry and may occur in future systems. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any

failure to maintain performance, reliability, security, and availability of our products and technical infrastructure to the satisfaction of our users may harm our reputation and our ability to attract and retain customers.

Regulation of the telecommunications industry could harm our operating results and prospects.

The traditional telecommunications industry is highly regulated, and our business and financial condition could be adversely affected by changes in regulations relating to the Internet telecommunications industry. Currently, few laws or regulations apply directly to access to or commerce on intellectual property networks, but future regulations could include sales taxes and tariffs in previously unregulated areas and provider access charges. We could be adversely affected by the regulation of intellectual property networks and commerce in any country where we market equipment and services to service or content providers. Rules governing the range of services and business models that service providers or content providers can offer could adversely affect those customers' needs for products designed to enable a wide range of such services or business models. For instance, the U.S. Federal Communications Commission ("FCC") has issued regulations governing aspects of fixed broadband networks and wireless networks. These regulations might impact service provider and content provider business models and providers' needs for Internet telecommunications equipment and services. Also, many jurisdictions are evaluating or implementing cybersecurity, privacy, and data protection regulations, which could affect the market and networking and security equipment requirements.

Environmental regulations concerning electronic equipment manufacturing or operations may adversely impact our business and financial condition. For instance, the European Union has adopted electronic waste, e-waste, e-scrap, or electrical and electronic equipment waste, Restriction of the Use of Certain Hazardous Substances, Registration, Evaluation, Authorization, and Restriction of Chemicals. Furthermore, some governments have regulations prohibiting government entities from purchasing security products that do not meet specified indigenous certification criteria, even though those criteria may conflict with accepted international standards. Similar regulations are in effect or under consideration in several jurisdictions where we do business.

Adopting and implementing such regulations could decrease demand for our products, increase the cost of building and selling our products, impact our ability to ship products into affected areas, and recognize revenue on time. Any of these impacts could have a material adverse effect on our business, financial condition, and the results of operations.

At several of our annual stockholder meetings, including our 2019 Annual Meeting of Stockholders, we failed to obtain ratification by our stockholders of specific proposals submitted for approval of our stockholders at prior annual meetings, which could be deemed defective corporate acts.

At our 2015 Annual Meeting of Stockholders, our Board submitted to our stockholders for their approval (i) a proposal to approve our 2015 Employee Stock Purchase Plan and (ii) a proposal to approve our 2015 Incentive Compensation Plan. At our 2016 Annual Meeting of Stockholders, our Board submitted to our stockholders for their approval (i) a proposal to approve our 2016 Employee Stock Purchase Plan and (ii) a proposal to approve our 2016 Incentive Compensation Plan. At our 2017 Annual Meeting of Stockholders, our Board submitted to our stockholders, for their approval, (i) a proposal to approve an amendment to our 2016 Employee Stock Purchase Plan to increase the number of shares of Common Stock available for sale under such plan; (ii) a proposal to approve an amendment to our 2016 Incentive Compensation Plan to increase the number of shares of Common Stock available for sale under such plan; and (iii) a proposal to approve our 2017 Incentive Compensation Plan.

At each of these annual meetings, our inspector of elections determined that the applicable proposal received the requisite stockholder approval under our amended and restated bylaws ("Bylaws") and certified that the proposal passed, which was subsequently disclosed in an applicable Current Report on Form 8-K. Questions have been raised about whether the votes on such proposals were tabulated following our Bylaws' provisions and whether the requisite votes were obtained to approve each of these proposals.

According to the provisions of Section 204 of the General Corporation Law of the State of Delaware ("DGCL") and to continue to remain in compliance with Nasdaq's Listing Rules, we submitted all of these proposals, again, to our stockholders at our 2019 Annual Meeting of Stockholders for ratification to resolve any defects in the corporate acts relating to the approval of these proposals by our stockholders at the prior meetings. We could not obtain ratification by our stockholders for any proposals submitted to them at the 2019 Annual Meeting of Stockholders. Although we intend to resubmit these proposals to our stockholders for ratification, there can be no assurance that any of these proposals will be ratified. Suppose we cannot secure such ratifications or are deemed inadequate, among other consequences. In that case, this could result in a determination that none of the shares issued by us under these plans were duly authorized and validly issued, which could create accounting issues, affect our liquidity and capital structure, and expose us to claims from recipients of any stock awards granted according to such plans, any of which could have a material adverse effect on our business and results of operations.

Demand for our military and government-related products and products for emergency response services depends on government spending.

A portion of our business is derived from military and government markets. The military and government market largely depends on government budgets and is subject to governmental appropriations. Although multi-year contracts may be authorized with major procurements, funds are generally appropriated on a fiscal-year basis, even though a program may be expected to continue for several years. Consequently, programs are often only partially funded, and additional funds are committed if further appropriations are made. We cannot assure you that maintenance of or increases in military and government spending will be allocated to programs that would benefit our business. A decrease in levels of military and government spending or the government's termination of, or failure to fully fund, one or more of the contracts for the programs in which we participate could have a material adverse effect on our financial position and the results of operations. Moreover, we cannot assure you that the new military and government-related communication and broadcasting programs we participate in will enter full-scale production as expected.

Our potential customers for our communication, surveillance and satellite products and solutions will likely include U.S. Government or Government-related entities that are subject to appropriations by Congress. Reduced funding for military and government procurement and research and development programs would likely adversely impact our ability to generate revenues.

We anticipate that a portion of our revenue will be derived from our communication, surveillance, and satellite products and solutions, at least in the foreseeable future, from U.S. Government and Government-related entities, including the U.S. Department of Defense and other departments and agencies. Government programs in which we may seek to participate, and contracts for our products, must compete with other programs for consideration during Congress' budget and appropriations hearings and may be affected by changes in political power and appointments and general economic conditions, and other factors beyond our control. A government closure based on a failure of Congress to agree on federal appropriations or the uncertainty surrounding a continuing resolution may result in the termination or delay of federal funding opportunities we are pursuing. Reductions, extensions, or terminations in a program in which we seek to participate, or overall defense or another spending could adversely affect our ability to generate revenues and realize profits. We cannot predict whether potential changes in security, military, communications, and intelligence priorities will afford opportunities for our business regarding research and development or product contracts. Still, a possible reduction in government spending on such programs could negatively impact our ability to generate revenues. In addition, our ability to participate in U.S. Government programs may be affected by the adoption of new laws or regulations relating to government contracting or changes in existing laws or regulations, changes in political or public support for security, military and government programs, and uncertainties associated with the current global threat environment and other geo-political matters.

Contracting with government entities can be complex, expensive, and time-consuming.

The procurement process for government entities is, in many ways, more challenging than contracting in the private sector. We must comply with laws and regulations relating to the formation, administration, performance, and pricing of contracts with government entities, including U.S. federal, state, and local governmental bodies.

Government entities often require highly specialized contract terms that may differ from our standard arrangements. Government entities often impose complicated compliance requirements, require preferential pricing or "most favored nation" terms and conditions, or are otherwise time-consuming and expensive. Compliance with these exceptional standards or satisfaction with such requirements could complicate our efforts to obtain business or increase costs. Even if we meet these particular standards or conditions, the increased costs of providing our solutions to government customers could harm our margins.

Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults, or non-performance by financial institutions or transactional counterparties, could adversely affect our business, financial condition, or results of operations.

Events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties, or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. Most recently, on March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation ("FDIC") as a receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. Although we assess our banking and customer relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations and product development could be significantly impaired by factors that affect us, the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit, or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry.

Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to develop and commercialize new products and meet our operating expenses and financial obligations or fulfill our other commitments, resulting in breaches of our contractual obligations or result in violations of federal or state wage and hour laws. In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any of these impacts, or any other consequences resulting from the factors described above or other related or similar factors not described above, could have material adverse effects on our liquidity and our business, financial condition, or results of operations.

Risks Related to Our Industry and its Regulatory Context

Our industry is subject to rapid technological change, and we must make substantial investments in new products, services, and technologies to compete successfully.

New technological innovations generally require a substantial investment before they are commercially viable. We intend to continue to make significant investments in developing new products and technologies, and it is possible that our development efforts will not be successful and that our new technologies will not result in meaningful revenues. Our future success will depend on our ability to quickly develop and introduce new products, technologies, and enhancements. Our future success will also depend on our ability to keep pace with technological developments, protect our intellectual property, satisfy customer requirements, meet customer expectations, price our products and services competitively, and achieve market acceptance. The introduction of products embodying new technologies and the emergence of new industry standards could render our existing products and technologies and products and technologies currently under development obsolete and unmarketable. If we fail to anticipate or respond adequately to technological developments or customer requirements or experience any significant delays in the development, introduction, or shipment of our products and technologies in commercial quantities, demand for our products and our customers' and licensees' products that use our technologies could decrease, and our competitive position could be damaged.

New regulations or standards or changes in existing laws or standards in the United States or internationally related to our products may result in unanticipated costs or liabilities, which could have a material adverse effect on our business, results of operations, and future sales, and could place additional burdens on the operations of our business.

Our products may be subject to governmental regulations in a variety of jurisdictions. Our technology and products must comply with these regulations and many industry standards to achieve and maintain market acceptance. In the United States, our technology and products must comply with various FCC rules and others. We may also have to comply with similar international regulations. For example, our wireless communication products operate through the transmission of radio signals, and radio emissions are subject to regulation in the United States and other countries in which we intend to do business. In the United States, various federal agencies, including the Center for Devices and Radiological Health of the Food and Drug Administration, the FCC, the Occupational Safety and Health Administration, and various state agencies, have promulgated regulations that concern the use of radio/electromagnetic emissions standards. Member countries of the European Union have enacted similar standards relating to electrical safety, electromagnetic compatibility and emissions, and chemical substances and use standards.

As these regulations and standards evolve, and if new rules or standards are implemented, we may be required to modify our technology or products or develop and support new versions. Our compliance with these regulations and standards may become more burdensome. The failure of technology or our products to comply, or delays in compliance with the various existing and evolving industry regulations and standards, could prevent or delay the introduction of our technology or products, harming our business. End-customer uncertainty regarding future policies may also affect demand for communications products, including our products. Moreover, channel partners or end-customers may require us, or we may otherwise deem it necessary or advisable, to alter our technology or products to address actual or anticipated changes in the regulatory environment. Our inability to change our technology or products to address these requirements and any regulatory changes may adversely affect our business, operating results, and financial condition.

Compliance with environmental, health, and safety laws and regulations, including new regulations requiring higher standards, may increase costs, limit our ability to utilize supply chains, and force product design changes.

Our operations are subject to various environmental, health, and safety laws and regulations and equivalent local, state, and regulatory agencies in each jurisdiction we operate or may operate in the future. Our products manufacturing uses substances regulated under various federal, state, and local laws governing the environment and worker health and safety. If we, including any contract manufacturers that we may employ, do not comply with these laws, including any new regulations, such non-compliance could reduce our products' net realizable value, resulting in an immediate charge to our income statements. Our non-compliance with such laws could also negatively impact our operations and financial position as a result of fines and penalties that may be imposed on us and increase the cost of mandated remediation or delays to any contract manufacturers we may utilize; thus, we may suffer a loss of revenues, be unable to sell our products in specific markets and/or countries, be subject to penalties and enforced fees and/or suffer a competitive disadvantage. If applicable, costs to comply with current laws and regulations and/or similar future laws and regulations could include costs associated with modifying our products, recycling and other waste processing costs, legal and regulatory costs, and insurance costs. We cannot assure you that the costs to comply with these new laws or current and future environmental and worker health and safety laws will not adversely affect our business, operating results, and financial condition.

Governmental regulations affecting the import or export of products or affecting products containing encryption capabilities could negatively affect our revenues.

The United States and various foreign governments have imposed controls, export license requirements, and restrictions on importing or exporting some technologies, especially encryption technology. Also, governmental agencies have occasionally proposed additional regulation of encryption technology, such as requiring certification, notifications, review of source code, or the escrow and governmental recovery of private encryption keys. For example, Russia and China recently have implemented new requirements for encryption products, and India has imposed certain warranties and other obligations associated with critical technology. Governmental regulation of encryption or IP networking technology and regulation of imports or exports, or our failure to obtain required import or export approval for our products, could harm our international and domestic sales prospects and adversely affect our revenue expectations. In addition, the U.S. and other international organizations have imposed numerous sanctions and restrictions, such as the EU, on exporting specific goods and services to Russia due to the armed conflict with Ukraine. Failure to comply with such regulations could result in penalties, costs, and restrictions on import or export privileges or adversely affect sales to government agencies or government-funded projects.

If wireless devices pose safety risks, we may be subject to new regulations, and demand for our products, licensees, and customers may decrease.

In recent years, the FCC and foreign regulatory agencies have updated the guidelines and methods for evaluating radiofrequency emissions from radio equipment, including wireless phones and other wireless devices. Even if unfounded, concerns over the effects of radiofrequency emissions may discourage the use of wireless devices, decreasing demand for our products and those of our licensees and customers. Interest groups have also requested that the FCC investigate claims that wireless communication technologies pose health concerns and cause interference with airbags, hearing aids, and medical devices. Concerns have also been expressed over the possibility of safety risks due to a lack of attention associated with wireless devices while driving. Any legislation adopted in response to these expressions of concern could reduce demand for our products and those of our licensees and customers in the United States and foreign countries.

Risks Related to Our Common Stock

Our stock price may be volatile, and you may not be able to resell shares of our Common Stock at or above the price you paid.

Our Common Stock trading price could be highly volatile and subject to wide fluctuations in response to various factors, including factors beyond our control. These factors include those discussed in the other “Risk Factors” section of this Report on Form 10-K.

Also, the stock markets in general and the markets for telecommunication stocks have experienced volatility. These broad market fluctuations may adversely affect the trading price or liquidity of our Common Stock. In the past, when the market price has been volatile, holders of that stock have sometimes instituted securities class action litigation against the issuer. If any of our stockholders were to bring such a lawsuit against us, we could incur substantial costs defending the case, and our management’s attention would be diverted from the operation of our business, which could seriously harm our financial position. Any adverse determination in litigation could also subject us to significant liabilities.

If we cannot regain or maintain compliance with Nasdaq’s applicable continued listing requirements or standards, Nasdaq could delist our Common Stock.

We currently list our Common Stock on the Nasdaq Capital Market. To maintain such a listing, we must satisfy minimum financial and other continued listing requirements and standards, including director independence and independent committee requirements, minimum stockholders’ equity, minimum share price, and specific corporate governance requirements. According to Nasdaq Rule 5550(a)(2), we must maintain a minimum bid price for our common stock, par value of \$0.00001 per share (“Common Stock”), of at least \$1.00 per share (the “Bid Price Rule”). If our Common Stock stayed consistently traded below \$1.00 per share, our common stock would be at risk of delisting from the Nasdaq Capital Market. As previously reported, on May 20, 2022, we received notice from the Nasdaq Listing Qualifications Department (the “Staff”) of the Nasdaq Stock Market LLC (“Nasdaq”) notifying the Company of its noncompliance with Bid Price Rule by failing to maintain a minimum bid price for its common Stock on the Nasdaq Capital Market of at least \$1.00 per share for 30 consecutive business days. The Company received a grace period of 180 days, or until November 16, 2022, to regain compliance with the minimum bid price requirement.

On November 10, 2022, the Company submitted a request to Nasdaq for an additional 180-day grace period to regain compliance with the minimum bid price requirement. On November 17, 2022, the Company received a letter from Nasdaq advising that the Company had been granted an additional 180-day grace period extension until May 15, 2023, to regain compliance with the minimum bid price requirement and all other applicable requirements for initial listing on the Nasdaq Capital Market except for the minimum bid price requirement. On January 11, 2023, the Company held a special meeting of stockholders (the “Special Meeting”) whereby stockholders approved a proposal to authorize the Board of Directors of the Company (the “Board”), in its discretion but before the one-year anniversary of the date of the Special Meeting, to implement an amendment to the Company’s certificate of incorporation to effect a reverse stock split (the “Reverse Stock Split”) of all of the outstanding shares of Common Stock, of the Company, at a ratio in the range

of 1-for-2 to 1-for-50. The Company intends to monitor the closing bid price of its Common Stock and may, if appropriate, consider available options to regain compliance with the Bid Price Rule, including initiating the Reverse Stock Split.

There can be no assurance that a Reverse Stock Split will result in a sustained increase in the per share market price for the Common Stock for the minimum period necessary to permit the Company to timely regain compliance with the Bid Price Rule. There can be no assurance that the Company will be able to regain compliance with the Bid Price Rule or otherwise comply with other Nasdaq Listing Rules during or following the 180-day extension period ending May 15, 2023. If the Company does not regain compliance within the allotted compliance period, Nasdaq will provide notice that the Common Stock will be subject to delisting. The Company would then be entitled to appeal that determination to a Nasdaq hearings panel.

If the Company timely appeals, the Common Stock will continue to be listed and traded on The Nasdaq Capital Market under the symbol "VSL," subject to the Company's compliance with the other continued listing requirements of The Nasdaq Capital Market during the pendency of the appeals process.

Any Nasdaq action relating to a delisting could have a negative effect on the price of our Common Stock, impair the ability to sell or purchase our common stock when persons wish to do so, and any such delisting action may materially adversely affect our ability to raise capital or pursue strategic restructuring, refinancing or other transactions on acceptable terms, or at all. Delisting from the Nasdaq Capital Market could also have other negative results, including the potential loss of institutional investor interest and fewer business development opportunities.

If our Common Stock is delisted from Nasdaq, U.S. broker-dealers may be discouraged from effecting transactions in shares of our Common Stock because they may be considered penny stocks and thus be subject to the penny stock rules.

The SEC has adopted several rules to regulate "penny stock" that restrict transactions involving stock deemed penny stock. Such rules include Rules 3a51-1, 15c-1, 15c-2, 15c-3, 15c-4, 15c-5, 15c-6, 15c-7, and 15c-9 under the Exchange Act. These rules may have the effect of reducing the liquidity of penny stocks. "Penny stocks" generally are equity securities with a price of less than \$5.00 per share (other than securities registered on certain national securities exchanges or quoted on Nasdaq if the exchange or system provides current price and volume information concerning transactions in such securities). Our shares of Common Stock have in the past constituted, and may again in the future constitute, "penny stock" within the meaning of the rules. The additional sales practice and disclosure requirements imposed upon U.S. broker-dealers may discourage them from effecting transactions in shares of our Common Stock, which could severely limit the market liquidity of such shares of Common Stock and impede their sale in the secondary market.

A U.S. broker-dealer selling penny stock to anyone other than an established customer or "accredited investor" (generally, an individual with a net worth above \$1,000,000 or an annual income exceeding \$200,000 or \$300,000 together with their spouse) must make a unique suitability determination for the purchaser and must receive the purchaser's written consent to the transaction before a sale unless the broker-dealer or the transaction is otherwise exempt. Also, the "penny stock" regulations require the U.S. broker-dealer to deliver, before any transaction involving a "penny stock," a disclosure schedule prepared under SEC standards relating to the "penny stock" market unless the broker-dealer or the transaction is otherwise exempt. A U.S. broker-dealer must also disclose commissions payable to the U.S. broker-dealer, the registered representative, and current quotations for the securities. Finally, a U.S. broker-dealer must submit monthly statements disclosing recent price information concerning the "penny stock" held in a customer's account and information for the limited market in "penny stocks."

According to the SEC, stockholders should know that the "penny stock" market has suffered from fraud and abuse patterns in recent years. Such practices include (i) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (iii) "boiler room" practices involving high-pressure sales tactics and unrealistic price projections by inexperienced salespersons; (iv) excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and (v) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to the desired level, resulting in investor losses. Our management is aware of the abuses historically in the penny stock market. Although we do not expect to dictate the market's behavior or broker-dealers who participate, management will strive within the confines of practical limitations to prevent the described patterns from being established concerning our securities.

General Risk Factors

We may fail to meet publicly announced financial guidance or other expectations about our business, which would cause our Common Stock to decline in value.

We provide preliminary financial results or forward-looking financial guidance to our investors from time to time. Such statements are based on our current views, expectations, and assumptions, and they involve unknown risks and uncertainties that may cause actual results, performance, achievements, or share prices to materially differ from future performance, achievements, or share prices expressed or implied by such statements. Such risks and uncertainties include, among others, changes to the assumptions used to forecast or calculate such guidance or expectations or the occurrence of risks related to our performance and business, including those discussed in these risk factors. Failure to meet financial guidance or expectations regarding our future performance could harm our reputation and cause our stock price to decline.

The requirements of being a U.S. public company may strain our resources and divert management's attention.

As a U.S. public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of Nasdaq, and other applicable securities rules and regulations. The Exchange Act requires, among other things, that we file annual and current reports concerning our business and operating results. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand for our systems and resources.

As a result of the disclosure of information filing, our business and financial condition is more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to fix them, could divert resources from our management and harm our business and operating results.

SEC regulations limit the funds we can raise during 12 months under our shelf registration statement on Form S-3.

As of March 16, 2023, our public float was approximately \$18.8 million, based on 47,619,317 shares of outstanding common stock held by non-affiliates and at \$0.39 per share, which was the last reported sale price of our common stock on the Nasdaq Capital Market on March 16, 2023. SEC regulations limit the amount companies with a public float of less than \$75 million may raise during 12 months under a shelf registration statement on Form S-3. We are subject to General Instruction I.B.6, Form S-3, or the Baby Shelf Rule. As of the filing of this Annual Report on Form 10-K, we are subject to the Baby Shelf Rule. Under the Baby Shelf Rule, the amount of funds we can raise through primary public securities offerings in any 12 months using a registration statement on Form S-3 is limited to one-third of the aggregate market value of the shares of our common stock held by non-affiliates of the Company. Therefore, we will be limited in the proceeds we can raise by selling shares of our common stock using our Form S-3 until our public float exceeds \$75 million. Before our public float exceeds \$75 million, if our public float decreases, the number of securities we may sell under our Form S-3 shelf registration statement will also decrease. Even if sufficient funding is available, there can be no assurance that it will be available on terms acceptable to our stockholders or us. Furthermore, if we are required or choose to file a new registration statement on a form other than Form S-3, we may incur additional costs and be subject to delays due to review by the SEC staff.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business, or our market, or if they change their recommendations regarding our Common Stock adversely, our share price and trading volume could decline.

The trading market for our shares of Common Stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. If any analysts who may cover us change their recommendation regarding our Common Stock adversely or provide more favorable relative recommendations about our competitors, our share price would likely decline. If any analyst who may cover us were to cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which could cause our Common Stock price or trading volume to decline.

Future impairment charges could have a material adverse effect on our financial condition and the results of operations.

We must test our finite-lived intangible assets for impairment if events occur or circumstances change that would indicate that the remaining net book value of the intangible assets might not be recoverable. These events or circumstances could include a significant change in the business climate, including a significant, sustained decline in an entity's market value, legal factors, operating performance indicators, competition, sale or disposition of a considerable portion of our business, potential government actions, and other factors. If our finite-lived intangible assets' fair value is less than their book value in the future, we could be required to record impairment charges. The amount of any future impairment could be significant and could have a material adverse effect on our reported financial results for the period in which the charge is taken.

If our estimates relating to our critical accounting policies are based on assumptions or judgments that change or prove incorrect, our operating results could fall below the expectations of securities analysts and investors, resulting in a decline in our stock price.

Preparing financial statements conforming with U.S. generally accepted accounting principles requires our management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue, and expenses that are not readily apparent from other sources. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of financial analysts and investors, resulting in a decline in our stock price. Management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include reserves and write-downs related to receivables and inventories, the recoverability of long-lived assets, the valuation allowance relating to the Company's deferred tax assets, valuation of equity and derivative instruments, and debt discounts, and the valuation of the assets and liabilities acquired by us.

Future sales and issuances of our Common Stock or rights to purchase our Common Stock, stock incentive plans, and upon the exercise of outstanding securities exercisable for shares of our Common Stock could result in substantial additional dilution of our stockholders, cause our stock price to fall and adversely affect our ability to raise capital.

We will require additional capital to continue to execute our business plan and advance our research and development efforts. If we raise additional capital by issuing additional equity securities and exercising outstanding warrants, our stockholders may experience substantial dilution. We may sell shares of preferred stock or Common Stock in one or more transactions at prices that may be at a discount to the then-current market value of our Common Stock and on such other terms and conditions as we determine from time to time. Any such transaction could result in substantial dilution of our existing stockholders. If we sell shares of our Common Stock in more than one transaction, stockholders who purchase our Common Stock may be materially diluted by subsequent sales. Such sales could also cause a drop in the market price of our Common Stock. The issuance of shares of our Common Stock in connection with public or private financing, in connection with our compensation programs, and upon exercise of outstanding warrants will have a dilutive impact on our other stockholders, and the issuance, or even potential issuance, of such shares, could hurt the market price of our Common Stock.

The exercise of stock options, warrants, and other securities could cause our stockholders to experience substantial dilution. In addition to warrants issued in 2018, 2019, and 2020, in February 2021, we issued warrants to purchase up to 9,090,910 shares of our common stock. Moreover, holders of our stock options and warrants are likely to exercise them, if ever, when we otherwise could obtain a price for the sale of our securities that is higher than the exercise price per security of the options or warrants. Such exercises, or the possibility of such exercises, may impede our efforts to obtain additional financing by selling additional securities or making such financing more costly. It may also reduce the price of our Common Stock.

Risks Relating to Acquisitions

Our acquisition strategy involves several risks.

As we engage in the acquisition discussion with other companies anticipating potential acquisition opportunities, including those that would be material or could involve businesses with operating characteristics that differ from our existing business operations, it may become available shortly. We intend to pursue them actively if appropriate acquisition opportunities are available. Acquisitions involve several unique risks, including:

- Failure of the acquired business to achieve expected results, as well as the potential impairment of the acquired assets if operating results decline after acquisition;
- diversion of management's attention;
- additional financing, if necessary and available, which could increase leverage and costs, dilute equity, or both;
- the potential adverse effect on our financial statements from the increase in goodwill and other intangibles;
- difficulties in integrating the operations, systems, technologies, products, and personnel of acquired companies;
- initial dependence on unfamiliar supply chains or relatively small supply partners;
- the potential loss of key employees, customers, distributors, vendors, and other business partners of the companies we acquire after the acquisition;
- the high cost and expenses of identifying, negotiating, and completing acquisitions;
- the integration of acquisitions requires significant time and resources; and
- risks associated with unanticipated events or liabilities.

These risks could adversely affect our business, the results of operations, and our financial condition. Furthermore, the inability to effectively manage the integration of acquisitions could reduce our focus on subsequent acquisitions and current operations, which, in turn, could negatively impact our earnings and growth.

We have faced intense competition for acquisition candidates and expect to continue to meet them, limiting our ability to make acquisitions and leading to higher acquisition prices. We cannot assure you that we will be able to identify, acquire or manage other businesses profitably or successfully integrate any acquired businesses into our existing business without substantial costs, delays, or other operational or financial difficulties. In future acquisitions, we could incur additional indebtedness or pay consideration above fair value, which could have a material adverse effect on our business, results of operations, and financial condition.

Any impairment of goodwill, other intangible assets, or long-lived assets could negatively impact our results of operations.

Our goodwill, other intangible assets, and long-lived assets are subject to an impairment test annually and tested whenever events and circumstances indicate that goodwill, intangible assets, and/or long-lived assets may be impaired. Any excess goodwill resulting from the impairment test is written off in the determination period. Intangible assets (other than goodwill and indefinite-lived intangible assets) and other long-lived assets are generally amortized or depreciated over the useful life of such assets. From time to time, we may acquire or invest in a business that will require us to record goodwill based on the purchase price and the value of the acquired tangible and intangible assets. We may subsequently experience unforeseen issues with the businesses we acquire, which may adversely affect the company's anticipated returns or value of the intangible assets and trigger an evaluation of the recoverability of the recorded goodwill and intangible assets. Future determinations of significant write-offs of goodwill, intangible assets, or other long-lived assets due to an impairment test or any accelerated amortization or depreciation of other intangible or long-lived assets could have a material adverse impact on our results of operations and financial condition.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Mount Olive, NJ

On November 1, 2021, the Company entered into a lease agreement with a non-affiliated third party (the “Landlord”) to rent approximately 7,979 square feet of commercial space for general business offices, light manufacturing, operating of a testing laboratory, assembly, and inventory storage in Mount Olive, NJ. The lease commencement date was November 1, 2021, and the expiration date is January 31, 2027. The initial monthly obligation is \$10,869, with annual rent increases of 3.0% until the lease expires. The Company relocated its corporate facilities from Hackettstown, NJ, in connection to Mount Olive, NJ, with the lease commencement date of March 1, 2022.

Lutton, UK

On April 28, 2022, the Company entered a one-year lease for 600 square feet of administrative office space in Lutton, UK, commencing on May 3, 2022, and terminating on May 31, 2023, for £1,320 monthly or approximately \$1,800 per month

Dubai, UAE

On June 9, 2022, the Company renewed its lease for 976 square feet of administrative office space commencing on July 3, 2022, and terminating on July 2, 2023, in Dubai Studio City, UAE, for approximately \$1,632 monthly.

Billerica, MA

On January 20, 2020, the Company terminated its former lease agreement. On January 24, 2020, the Company negotiated a new lease agreement with the landlord at our Billerica location, decreasing the required square footage to 8,204 from 39,327 square feet or approximately 79%. The new lease agreement’s effective date is March 24, 2020, expiring December 31, 2026. The total annual rent under this lease is approximately \$95,000. During the third quarter of the fiscal year 2022, management vacated the Billerica property. Under ASC 360, leased space abandonment is an impairment indicator, and the Company assessed the lease ROU assets for impairment, and we recognized a loss on impairment of right-of-use assets of approximately \$88,000 for the year ended December 31, 2022.

Singapore

On July 3, 2020, the Company negotiated a new lease agreement with the landlord, maintaining 950 square feet of administrative office space. The new lease agreement’s effective date is August 10, 2020, expiring on August 9, 2023. The total annual rent under this lease is approximately \$30,500.

Hemel, United Kingdom

Under the original lease agreement dated April 28, 2017, a “break clause” signifying a “break date” of October 28, 2020, sighted the following: the Company may terminate this lease on the “break date” by giving the landlord such notice within six months of the “break date.” At the lease’s commencement, it was not reasonably sure if the Company would exercise its right by the break clause’s date. These measures upheld the determination of the lease’s noncancellable period for adopting ASC 842 on January 1, 2019. The lease term of 22 months as of January 1, 2019, helped calculate the remaining lease payments’ net present value assigned to the right-of-use asset and operating lease liability upon the adoption date. Neither party exercised their unilateral termination rights by the “break date,” triggering a lease extension. Both parties’ inaction creates new enforceable rights and obligations in the extended period, such that ending the lease agreement terminates on October 27, 2023. The total annual rent under this lease is approximately \$175,000, covering 12,870 square feet of manufacturing and administrative office space.

Colchester, UK

On February 2, 2017, the original lease agreement was for 16,000 square feet, with the initial lease commencing on March 25, 2007, and expiring on March 24, 2025. The total annual rent under this lease is approximately \$275,000, covering 16,000 square feet of manufacturing and administrative office space.

Item 3. Legal Proceedings

The nature of our business and activities are such that we may faces frequent claims and litigation, including securities litigation, claims regarding patent and other intellectual property rights, and other liability claims. As a result, we may be involved in various legal proceedings from time to time. We are not currently a party to any material litigation, nor are we aware of any pending or threatened

litigation against us that we believe, if adversely determined against us, would materially affect our business, operating results, financial condition, or cash flows.

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.

Our common stock shares are listed on the Nasdaq Capital Market under the symbol "VISL."

Holders

As of March 16, 2023, 47,619,317 shares of common stock were outstanding, together with approximately 30 shareholders of record.

The Company's transfer agent and registrar are Continental Stock Transfer & Trust Company, 17 Battery Place, 8th Floor, New York, New York 10004.

Dividend Policy

We have never declared or paid any cash dividend on our common stock. We intend to retain any future earnings and do not expect to pay any cash dividends in the foreseeable future.

Securities Authorized for Issuance under Equity Compensation Plans

Reference is made to "*Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters—Securities Authorized for Issuance under Equity Compensation Plans*" for the information required by this item.

Recent Sales of Unregistered Securities

None

Item 6. Reserved

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. In addition to historical financial information, the following discussion contains forward-looking statements based on current plans, expectations, and beliefs that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements due to various factors, including the impact of the COVID-19 pandemic and those other factors discussed in the "Risk Factors" section and other parts of this Annual Report on Form 10-K. Our fiscal year-end is December 31.

Overview

Vislink, incorporated in Delaware in 2006, is a global technology business specializing in collecting, delivering, and managing high-quality, live video and associated data from the action scene to the viewing screen. Vislink provides solutions for collecting live news, sports, entertainment, and news events for the broadcast markets. Vislink also furnishes the surveillance and defense markets with real-time video intelligence solutions using various tailored transmission products. The Vislink team also provides professional and technical services utilizing a staff of technology experts with decades of applied knowledge and real-world experience in the terrestrial microwave, satellite, fiber optic, surveillance, and wireless communications systems delivering a broad spectrum of customer solutions.

Live Broadcast:

Vislink delivers an extensive portfolio of solutions for live news, sports, and entertainment industries. These solutions include video collection, transmission, management, and distribution via microwave, satellite, cellular, I.P. (Internet Protocol), MESH, and bonded cellular/5G networks. We also provide solutions utilizing A.I. (Artificial Intelligence) technologies to provide automated news and sporting events coverage. With over 50 years in operation, Vislink has the expertise and technology portfolio to deliver fully integrated, seamless, end-to-end solutions.

Industry-wide contributors acknowledge Vislink's live broadcast solutions. The transmission of most of all outside wireless broadcast video content uses our equipment, with over 200,000 systems installed worldwide. We work closely with the majority of the world's broadcasters. Vislink wireless cameras and ultra-compact encoders help bring many of the world's most prestigious sporting and entertainment events to life. Recent examples include globally watched international sporting contests, award shows, racing events, and annual music and cultural events.

Military And Government:

Vislink has developed high-quality solutions to meet surveillance and defense markets' operational and industry challenges based on our knowledge of live video delivery. Vislink solutions are specifically designed with interagency cooperation, utilizing the internationally-recognized I.P. platform and a web interface for video delivery. Vislink provides comprehensive video, audio, and data communications solutions to law enforcement and the public safety community, including Airborne, Unmanned Systems, Maritime, and Tactical Mobile Command Posts. These solutions may include:

- integrated suites of airborne downlink transmitters, receivers, and antenna systems
- data and video connectivity for airborne, marine, and ground assets
- UAV video distribution
- flexible support for COFDM and bonded cellular/5G Networks
- terrestrial point-to-point
- tactical mobile command
- IP-based, high-end encryption, full-duplex, real-time connectivity at extended operating ranges
- high-throughput air/marine/ground-to-anywhere uplink and downlink systems
- secure live streaming platforms for use in mobile and fixed assets
- personal portable products

Vislink public safety and surveillance solutions are deployed worldwide, including throughout the U.S., Europe, and the Middle East, at the local, regional, and federal levels of operation, criminal investigation, crisis management, mobile command posts, and field operations. These solutions are designed to meet the demands of field operations, command centers, and central receiving sites. Short-range and long-range solutions are available in areas including established infrastructure and exceptionally remote regions, making valuable video intelligence available regardless of location.

Satellite Communications:

Over 30 years of technical expertise support Vislink's satellite solutions. These solutions ensure robust, secure communications while delivering low transmission costs for any organization that needs high-quality, reliable satellite transmission. We offer turnkey solutions that begin with state-of-the-art coding, compression, and engine modulation and end with our robust, lightweight antenna systems. Vislink Satellite solutions focus heavily on being the smallest, lightest, and most efficient in their categories, making transportation and ease of use a key driver in the customer experience. Vislink offers an extensive range of satellite designs that allow customers to

optimize bit rate, size, weight, and total cost. Our satellite systems are used extensively globally, with over 2,000 systems deployed by governments, militaries, and broadcasters. While we continue offering satellite solutions, we no longer invest in the engineering and product development necessary to stay relevant in the sector. We will continue to market and sell our current solutions but do not anticipate introducing further upgrades or features to our satellite product line.

Connected Edge Solutions:

Vislink offers the hardware and software solutions needed to acquire, produce, contribute, and deliver video over all private and public networks with the Mobile Viewpoint acquisition. Connected edge solutions aid the video transport concept of ubiquitous IP networks and cloud-scale computing across 5G, WiFi6, Mesh, and COFDM-enabled networks. These solutions include:

- Live video encoding, stream adaptation, decoding, and production solutions
- Remote production workflows
- Wireless cameras
- AI-driven automated production
- Ability to contribute video over:
 - Bonded cellular (3G and 4G)
 - Satellite
 - Fiber
 - Emerging networks, including 5G and Starlink

COVID-19 Update

The Company closely monitors the continued impact of the ongoing COVID-19 pandemic on all aspects of our business and geographies, including how it will impact business partners. The Company continues to experience supply chain shortages and delays in obtaining specific inventory items. The Company's operations team is mitigating the risk by increasing inventory levels in its purchase management of these components. The execution of this policy has improved our ability to ship products. It is unclear how such restrictions will contribute to a general slowdown in the global economy, and it is difficult to isolate the impact of the pandemic on our business, the results of operations, our financial condition, and our future strategic plans. Further, while many companies have survived the past year, and some have thrived, as the pandemic endures, we cannot predict how the global economy will respond to the return to normalcy or whether it will continue to sustain steadily.

In addition, the Company is uncertain of the total effect the pandemic will have on it in the long term since the scope and duration of the pandemic is unknown. The protocol followed in distributing effective vaccines worldwide, and the extent of any resurgences of the virus or emergence of new variants, such as the Delta, Omicron, and others, will impact the stability of economic recovery and growth. The extent to which the operations of the Company, and the operations of its customers and supply chain, may be adversely impacted by the COVID-19 pandemic will depend mainly on these future developments. The Company may experience long-term disruptions to its operations resulting from government policy or guidance; quarantines of employees, customers, and suppliers in areas affected by the pandemic; and closures of businesses or manufacturing facilities critical to its business or supply chains. The Company is actively monitoring and will continue monitoring the pandemic and its potential impact on its operations, financial condition, liquidity, suppliers, industry, and workforce.

For further discussion of the challenges and risks related to the COVID-19 pandemic, please refer to Part I, Item 1A "Risk Factors" of this Annual Report on Form 10-K.

We face various challenges and risks that we will need to address and manage as we pursue our strategies, including our ability to develop and deliver high-quality live video products and video transmission solutions.

Because of the numerous risks and uncertainties associated with our commercialization efforts and research and development activities, we cannot predict the timing or amount of increased expenses or when, if ever, we will be able to achieve or maintain profitability. Even if we can increase sales of our products, we may not become profitable. If we fail to become profitable or sustain profitability, we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

Ukraine/Russian Conflict

The war increasingly affects economic and global financial markets and exacerbates ongoing economic challenges, including rising inflation and global supply-chain disruption. The degree to which entities are or will be mainly affected depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. Because of its broader impact on these macroeconomic conditions, many companies globally may need to consider the war's effect on specific accounting and financial reporting matters.

The Company does not generate revenue from Russia or Ukraine, nor do we have a physical presence, employees, or contractors in these countries. The Russian government's invasion of Ukraine and the resultant sanctions imposed by the U.S., EU, and other governments and international organizations—designed to inflict severe consequences on the Russian economy—are impacting business continuity, liquidity, and asset values in Ukraine and Russia. It is difficult to estimate the impact of the ongoing invasion on the global economy, including increased inflation and higher energy and transportation costs. As a result, the invasion of Ukraine could adversely impact our financial results. Although we do not presently foresee risks that may affect our Company's liquidity, operating results, and financial reporting, we continue to monitor developments in Ukraine to assess direct material adverse effects on our business, financial condition, or results of operations.

Climate Change-Related Effects

Climate change is an important global issue that presents opportunities and challenges for our Company, partners, and communities. Climate change matters for our Company are likely to be driven by changes in physical climate parameters, regulations and/or public policy, and changes in technology and product demand.

The lack of empirical data surrounding the credit and other financial risks posed by climate change renders it impossible to predict how specifically climate change may impact our financial condition and results of operations; however, the physical effects of climate change may also directly affect us. The global business community has increased its political and social awareness surrounding the issue, and the United States has entered into international agreements to reduce global temperatures, such as reentering the Paris Agreement. Further, the U.S. Congress, state legislatures, and federal and state regulatory agencies continue to propose numerous initiatives to supplement the global effort to combat climate change.

Further, the effects of climate change may negatively impact regional and local economic activity, which could adversely affect our customers and the communities in which we operate. In addition, there is a growing concern from advocacy groups and the general public that the emissions of greenhouse gases and other human activities have caused, or will cause, significant changes in weather patterns and temperatures and the frequency and severity of natural disasters.

While we seek to mitigate the risks associated with climate change, we recognize inherent climate-related risks regardless of where we conduct our businesses. Any of our locations may be vulnerable to the adverse effects of climate change. Climate-related events can disrupt our business, including our customers, and cause us to experience higher attrition, losses, and additional costs to resume operations. Access to clean water and reliable energy in the communities where we operate our Company is a priority.

Results of Operations

The following table sets forth the items in the consolidated statements of operations of the financial statements included herewith for the fiscal years ended December 31, 2022, and 2021 (in thousands).

	For the Years Ended December 31,	
	2022	2021
Revenue, net	\$ 28,402	\$ 33,882
Cost of revenue and operating expenses		
Cost of components and personnel	15,204	15,164
Inventory valuation adjustments	2,930	843
General and administrative expenses	18,195	22,039
Research and development	4,058	3,051
Impairment of right-of-use assets	88	—
Impairment of goodwill	—	9,189
Amortization and depreciation	1,722	1,343
Total cost of revenue and operating expenses	42,197	51,629
Loss from operations	(13,795)	(17,747)
Other income (expenses)		
Changes in fair value of derivative liabilities	—	22
Gain on settlement of debt	46	1,362
Other income	32	—
Interest expense, net	(38)	(29)
Total other income	40	1,355
Net loss before income taxes	\$ (13,755)	\$ (16,392)

Revenue

The revenues for the year ended December 31, 2022, and 2021 were \$28.4 million and \$33.9 million, respectively, representing a decrease of \$5.5 million or 16%. The revenue drop experienced a decline geographically of \$6.0 million in North America, and \$2.2 million in Europe, offset by an increase in sales of \$3.0 million in the rest of the world.

The decrease in revenue is primarily due to: (1) a delay in the completion of several large government contracts and (2) management's decision to reevaluate and discontinue several product lines due to their decline in performance expectations and lack of appeal to our customer base.

Cost of Revenue and Operating Expenses

Cost of Components and Personnel

The cost of components and personnel is \$15.2 million for each year ending December 31, 2022, and 2021, respectively. The Company attributes maintaining this cost to (1) adopting a cost-savings plan in the third quarter of 2022, including a partial workforce reduction, and (2) eliminating specific product lines.

Inventory Valuation Adjustments

Inventory valuation adjustments are tools used to determine inventory measurement at lower-of-cost-or-market or lower-of-cost and net realizable value. For the years ended December 31, 2022, and 2021 inventory valuation adjustments amounted to \$2.9 million and \$0.9 million, representing an increase of \$2.0 million or 222%. The cause of the increase is twofold: (1) the identifying of items of inventory considered obsolete, and (2) the observation of a decline in the profitability and consumer demand of specific product lines prompting the write down in the value of certain inventory items acknowledging a shift in market trends.

General and Administrative Expenses

General and administrative expenses are costs incurred in operating the business daily and include salary and benefit expenses, including stock-based compensation and payroll taxes, as well as the costs of trade shows, marketing programs, promotional materials, professional services, facilities, general liability insurance, travel and expenses associated with being a public company.

For the years ended December 31, 2022, and 2021, general and administrative expenses were \$18.2 million and \$22.0 million, respectively, representing a decrease of \$3.8 million or 17%.

The decrease is principally connected with the reduction of \$2.8 million in acquisition costs, \$2.3 million in stock-based compensation, and \$1.4 million in salaries and benefits. It was offset by an increase of \$0.9 million in advertising, \$0.5 million in legal fees, and \$0.3 million in warranty costs and consulting fees.

Research and Development

Research and development expenses consist primarily of salary and benefit expenses, including stock-based compensation, payroll taxes, prototypes, facilities, and travel costs. For the years ended December 31, 2022, and 2021, research and development expenses were \$4.1 million and \$3.1 million, respectively, representing an increase of \$1.0 million or 32%. The increase is primarily attributable to \$0.8 million in salaries and miscellaneous research and consulting fees of \$0.2 million.

Impairment of right-of-use assets

The Company recorded impairments related to the right-of-use assets operating leases for the years ended December 31, 2022, and 2021 totaling \$0.88 million and \$-0- million, respectively. The increase is due to the Company abandoning its leased facility in Billerica, Massachusetts.

Amortization and Depreciation

Amortization and depreciation expenses for the years ended December 31, 2022, and 2021 were \$1.7 million and \$1.3 million, respectively, representing an increase of \$0.4 million or 31%. The increase is attributable to the recognition of a full year of amortization of intangible assets created by the acquisition of MVP.

Gain on settlement of debt

For the years ended December 31, 2022, and 2021, the Company recognized a gain on the settlement of debt amounting to \$0.1 million and \$1.4 million, respectively, a decrease of \$1.3 million or 93%. The decline is predominantly attributable to the forgiveness in July 2021 of the U.S. government Payroll Protection Program grant procured by the Company in 2020.

Net Loss

Net losses for the years ended December 31, 2022, and 2021 were \$13.8 million and \$16.4 million, respectively, representing a decrease of \$2.6 million or 16%.

The Company experienced significant decreases in costs attributable to acquisition expenditures, stock-based compensation, salaries, and benefits, offset by the recognition of inventory impairment and a decline in revenue.

Liquidity and Capital Resources

The Company incurred an approximate \$13.8 million loss from operations and \$9.2 million of cash used in operating activities for the year ended December 31, 2022. The Company had \$38.6 million in working capital, \$300.1 million in accumulated deficits, and \$25.6 million cash on hand as of December 31, 2022.

During the year ended December 31, 2021, the Company issued 6,163,198 shares of common stock for net proceeds of \$12,600,000 under its at-the-market facility with Alliance Global Partners (the "ATM"). As of March 31, 2022, approximately \$4,500,000 of capacity remains under the ATM. On February 8, 2021, the Company completed an underwritten public offering for net proceeds of \$46,820,000. The Company issued 18,181,820 shares of common stock, supplemented by 9,090,910 five-year warrants with an exercise price of \$3.25 per share exercisable for one share.

The enduring effect of the COVID-19 pandemic, including the advent of successive variants, plus the uncertainty of possible future variants, may subject the Company to particular challenges in its business, financial condition, results of operations, and cash flows. The unpredictability of the pandemic's scope, severity, duration, and actions implemented to alleviate its direct and indirect economic effects and containment measures provide no assurances that the pandemic will not have material adverse repercussions on the Company's operations, liquidity, financial condition, and any residual unfavorable consequences to global economics.

Developments, including those beyond our control, may cause us to consume our available capital more quickly. The Company bases its evaluation on possibilities that may prove wrong and could exhaust our available capital resources sooner than we expect. These may include but are not limited to economic conditions, including inflation, foreign exchange, fluctuations, and the markets in which we compete or wish to enter, strategic acquisitions, our market strategy, our research and development activities, regulatory matters, and technology and product innovations. The Company believes it will have sufficient funds to continue its operations for at least twelve months from the filing date of these financial statements.

Our operations primarily have been funded through cash generated by debt and equity financing. Cash consists of cash on hand and demand deposits. Our cash balances were as follows (in thousands):

	Year Ended December 31, 2022	Year Ended December 31, 2021
Cash	\$ 25,627	\$ 36,231

Cash Flows

The following table sets forth the major components of our consolidated statements of cash flows data for the periods presented (in thousands).

	Year Ended December 31, 2022	Year Ended December 31, 2021
Net cash used in operating activities	\$ (9,226)	\$ (9,601)
Net cash used in investment activities	(466)	(17,547)
Net cash provided by financing activities	(958)	58,312
Effect of exchange rate changes on cash	46	(123)
Net (decrease) increase in cash	\$ (10,604)	\$ 31,041

Operating Activities

Net cash used in operating activities of approximately \$9.2 million during the year ended December 31, 2022, was principally attributable to a decrease of \$3.2 million in accounts receivable, \$2.1 million in prepaid expenses and other current assets, \$1.8 million in accrued expenses and interest expense, offset by an increase of \$3.7 million in inventory. Additionally, the Company experienced a net loss of \$13.5 million, \$1.8 million in inventory impairment, \$1.7 million of depreciation and amortization, and \$1.1 million in inventory valuation adjustments.

Net cash used in operating activities of approximately \$9.6 million during the year ended December 31, 2021, was principally attributable to a decrease of \$1.4 million in accounts payable, a decrease of \$0.5 million in operating lease liabilities, offset by an increase of \$3.6 million in accounts receivable, \$3.2 million of inventory, and \$0.9 million of deferred revenue and customer deposits. Additionally, the Company experienced a net loss of \$7.2 million, a \$1.4 million gain on debt settlement, offset by an impairment in goodwill of \$8.2 million, \$3.9 million in stock-based compensation, \$1.3 million in depreciation and amortization, and \$0.8 million of an inventory valuation adjustment.

Investing Activities

Net cash in investing activities of \$0.5 million during the year ended December 31, 2022, was principally related to the cash used to acquire furniture and computer equipment. Net cash used in investing activities of \$17.5 million during the year ended December 31, 2021, was principally related to the cash used in the acquisition of 100% of MVP's outstanding shares, cash acquired from the MVP acquisition, offset by a decrease in capital expenditures for furniture and computer equipment.

Financing Activities

Net cash used in financing activities of \$0.96 million during the year ended December 31, 2022, was principally attributable to the principal payment of \$1.0 million for the Company D & O insurance policy. Net cash provided by financing activities of \$58.3 million during the year ended December 31, 2021, was principally attributable to net proceeds from equity raises and common stock warrants' exercise offset by the principal payment of \$1.0 million for the Company D & O insurance policy.

Nasdaq Compliance

As previously reported, on May 20, 2022, the Company received notice from the Nasdaq Listing Qualifications Department (the "Staff") of the Nasdaq Stock Market LLC ("Nasdaq") notifying the Company of its noncompliance with Nasdaq Listing Rule 5550(a)(2) (the "Rule") by failing to maintain a minimum bid price for its common stock on the Nasdaq Capital Market of at least \$1.00 per share for 30 consecutive business days. The Company received a grace period of 180 days, or until November 16, 2022, to regain compliance with the minimum bid price requirement.

On November 10, 2022, the Company submitted a request to Nasdaq for an additional 180-day grace period to regain compliance with the Rule. On November 17, 2022, the Company received a letter from Nasdaq advising that the Company had been granted an additional 180-day grace period extension until May 15, 2023, to regain compliance with the Rule and all other applicable requirements for initial listing on the Nasdaq Capital Market except for the minimum bid price requirement of the Rule.

On January 11, 2023, the Company held a special meeting of stockholders (the "Special Meeting") whereby stockholders voted and approved a proposal to authorize the Board of Directors of the Company (the "Board"), in its discretion but before the one-year anniversary of the date of the Special Meeting, to implement an amendment to the Company's certificate of incorporation to effect a reverse stock split (the "Reverse Stock Split") of all of the outstanding shares of Common Stock, par value \$0.00001 per share ("Common Stock"), of the Company, at a ratio in the range of 1-for-2 to 1-for-50. The Company intends to monitor the closing bid price of its common stock and may, if appropriate, consider available options to regain compliance with the Rule, including initiating a Reverse Stock Split.

There can be no assurance that the Reverse Stock Split will result in a sustained increase in the per share market price for the Common Stock for the minimum period necessary to permit the Company to regain compliance with the Rule timely. There can be no assurance that the Company will be able to regain compliance with the Rule or other Nasdaq Listing Rules during the 180-day extension period ending May 15, 2023. If the Company does not regain compliance within the allotted compliance period, Nasdaq will provide notice that the common stock will be subject to delisting. The Company would then be entitled to appeal that determination to a Nasdaq hearings panel; if the Company timely appeals, the Company's common stock will continue to be listed and traded on The Nasdaq Capital Market under the symbol "VISL," subject to the Company's compliance with the other continued listing requirements of The Nasdaq Capital Market pending the outcome of the appeal process.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements for December 31, 2022, and 2021.

Critical Accounting Policies, Estimates, and Judgments

Our consolidated financial statements are prepared under the United States' generally accepted accounting principles ("U.S. GAAP"), which require us to make estimates and assumptions. Critical accounting policies affect the more significant accounts, particularly judgments, assessments, and assumptions used to prepare our consolidated financial statements. Our management has determined the development and selection of these critical accounting policies. We have reviewed our critical accounting policies and estimates with the audit committee of our board of directors. Due to the significant judgment involved in selecting certain assumptions used in these policies, other parties may choose different assumptions and reach different conclusions. We consider our policies relating to the following matters to be critical accounting policies.

Business Combinations

The Company accounts for acquisitions that qualify as business combinations by applying the acquisition method according to Accounting Standards Codification ("ASC") 805, Business Combinations ("ASC 805"). Transaction costs related to the acquisition of a business are expensed as incurred and excluded from the fair value of consideration transferred. The identifiable assets acquired, liabilities assumed, and noncontrolling interests in an acquired entity are recognized and measured at their estimated fair values. The excess of the fair value of consideration transferred over the fair values of identifiable assets acquired, liabilities assumed, and noncontrolling interests in an acquired entity, net of the fair value of any previously held interest in the acquired entity, is recorded as goodwill. Such valuations require management to make significant estimates and assumptions.

Principles of Consolidation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America or ("U.S. GAAP") as found in the Accounting Standards Codification ("ASC"), the Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB") and the rules and regulations of the US Securities and Exchange Commission (the "SEC"). The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. We have eliminated all intercompany accounts and transactions upon consolidating our subsidiaries.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. These estimates also affect the reported revenues and expenses during the reporting periods. Significant accounting estimates reflected in the Company's consolidated financial statements include the useful lives of property, plant, and equipment, the useful lives of right-of-use assets, the useful lives of intangible assets, impairment of long-lived assets, allowance for accounts receivable doubtful accounts, allowance for inventory obsolescence reserve, allowance for deferred tax assets, valuation of warranty reserves, contingent consideration liabilities, and the accrual of potential liabilities. Actual results could differ from estimates, and any such differences may be material to our financial statements.

Risks and Uncertainties

The future impacts of the Russia-Ukraine war, the novel coronavirus ("COVID-19") pandemic, and their residual effects include economic uncertainty, an inflationary environment, currency fluctuations, disruption within the global supply chain, and labor markets worldwide industries remain uncertain. These circumstances have created prevalent uncertainty and risk. The impact of these issues on our business will vary by geographic market and discipline. In response to potential reductions in revenue, we may take actions to align our cost structure with changes in customer demand and manage our working capital. However, there can be no assurance as to the effectiveness of our efforts to mitigate any impact of the current and future adverse economic conditions, reductions in client revenue, changes in client creditworthiness, and other developments. We monitor the circumstances mentioned above to assess direct material adverse effects on our business, financial condition, or results of operations. Therefore, these impacts may change accounting estimates and assumptions over time. Interim period results are not necessarily indicative of the expected results for the full fiscal year.

Segment Reporting

The Company identifies operating segments as components of an enterprise about which separate discrete financial information is available for evaluation by the operating decision-makers, or decision-making group, in deciding how to allocate resources and assess performance. The Company's decision-making group is the senior executive management team. The Company and the decision-making group view the Company's operations and manage its business as one operating segment with different product offerings. All long-lived assets of the Company reside in the U.S., the U.K., and the Netherlands.

Critical Accounting Policies, Estimates, and Judgments (continued)

Accounts Receivable and Allowance for Doubtful Accounts

The Company extends credit to its customers in the ordinary course of business. Further, the Company regularly reviews outstanding receivables and provides for estimated losses through an allowance for doubtful accounts. In evaluating the level of established loss reserves, the Company makes judgments regarding its customer's ability to make required payments, prevailing economic conditions, previous experience, and other factors. As these factors' financial situation changes, circumstances develop, or additional information becomes available, adjustments to the allowance for doubtful accounts may be required. The Company maintains reserves for credit losses, and losses have been within its expectations.

Inventories

Inventories consist of raw materials, work-in-process, and finished goods and are recorded at the lower of cost, on a first-in, first-out basis, or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable completion, disposal, and transportation costs. The Company evaluates inventory balances and either writes down obsolete inventory or records a reserve for slow-moving or excess inventory based on net realizable value analysis.

Property and Equipment

Property and equipment are presented at cost at the date of acquisition, less depreciation. Depreciation is computed using the straight-line method over estimated useful asset lives, ranging from 1 to 14 years. The costs of the day-to-day servicing of property and equipment and repairs and maintenance are recognized in expenses as incurred.

Goodwill

Goodwill represents the excess cost of an acquired business over the fair value of the identifiable tangible, and intangible assets acquired and liabilities assumed in a business combination under the acquisition method of accounting under ASC 805 "Business Combinations" (see Note 4). Goodwill is not amortized but, per ASC 350, is tested for impairment annually. Goodwill is also tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Judgment determines if an indicator of impairment has occurred during a year. When testing goodwill for impairment, we may assess qualitative factors for some or all of our reporting units to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. Alternatively, we may bypass this qualitative assessment for some or all of our reporting units and perform step 1 of the two-step goodwill impairment test. If we perform step 1 and the reporting unit's carrying amount exceeds its fair value, we will perform step 2 to measure such impairment. We have completed our annual impairment test and recorded \$-0- and \$9,189,000 in goodwill impairment charges for the year ended December 31, 2022, and 2021, respectively.

Intangible Assets

Patents and licenses:

Patents and licenses, measured initially at purchase cost, are included in intangible assets on the Company's balance sheet and are amortized on a straight-line basis over their estimated useful lives of 18.5 to 20 years. Amortization totaled \$535,000 and \$668,000 for the years ended December 31, 2022, and 2021, respectively.

Other intangible assets:

The Company's remaining intangible assets include the trade names, technology, and customer lists acquired in IMT, Vislink, and Mobile Viewpoint Corporate B.V., a third-party appraiser, determined the value of these acquired assets for these business combinations. Absent an indication of fair value from a potential buyer or similar specific transactions, we have determined that using the methods employed provided a reasonable estimate in reporting the values assigned.

The Company amortizes intangible asset costs over their useful lives of 3 to 15 years with its net book value reported on the balance sheet. Amortization totaled approximately \$986,000 and \$480,000 for the years ended December 31, 2022, and 2021, respectively.

Revenue Recognition

The Company recognizes revenue when we satisfy a performance obligation by transferring control of the promised goods or services to a customer in an amount that reflects the consideration we expect to receive in exchange for those services. The Company determines revenue recognition through the five (5) steps identified in Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*.

Critical Accounting Policies, Estimates, and Judgments (continued)

Stock-Based Compensation

The Company accounts for stock compensation with persons classified as employees for accounting purposes under ASC 718 “Compensation-Stock Compensation,” which recognizes awards at fair value on the date of grant and recognition of compensation over the service period for awards expected to vest. The fair value of stock options is determined using the Black-Scholes Option Pricing Model, and the fair value of common stock issued for services is determined based on the Company’s stock price on the issuance date.

The expansion of Topic 718 fell under ASU 2018-07 to include share-based payment transactions for acquiring goods and services from nonemployees. The measurement date for equity-classified nonemployee share-based payment awards is no longer at the earlier date at which a commitment for performance by the counterparty is reached or the date at which the counterparty’s performance is complete. Instead, the grant date is now considered the measurement date. Under today’s guidance, the measurement of nonemployee share-based payment awards with performance conditions is at the lowest aggregate fair value, often resulting in a zero value. The new ASU aligns the accounting for nonemployee share-based payment awards with performance conditions with accounting for employee share-based payment awards under Topic 718 by requiring entities to consider the probability of satisfying performance conditions. Current guidance requires entities to use the contractual term to measure the nonemployee share-based payment awards. The new ASU allows entities to make an award-by-award election to use the expected duration (consistent with employee share-based payment awards) or the contractual term for nonemployee awards.

Stock-Option Awards — Time-based and performance-based:

Under ASC Topic 718, the compensation cost is measured based on an award’s fair value at the grant’s date for the time vested option award using the Black Scholes-Merton formula as a valuation technique. The Company used the U.S. Treasury note’s rate over the expected option term for the risk-free rate. Employees’ expected term represents the period that options granted are expected to be outstanding using the simplified method. The Company’s historical share option exercise experience does not provide a reasonable basis for estimating the expected term. For nonemployee options, the expected term is the entire term of the option. Expected volatility is based on the average weekly share price changes over the shorter expected term or the period from the Nasdaq Capital Markets Exchange placement to the grant’s date. The Company estimates forfeiture and volatility using historical information. The risk-free interest rate is based on the implied yield on U.S. Treasury zero-coupon issues over the options’ equivalent lives.

The Company has not paid dividends on its common stock, and no assumption of dividend payment(s) is made in the model. For employee equity-classified awards, compensation cost is recognized over the employee’s requisite service period with a corresponding credit to additional paid-in capital. The employee’s requisite service period begins at the service inception date and ends when the requisite service has been provided.

Restricted Stock Unit Awards (“RSUs”) — Time-Based:

Under ASC 718, the exercise price for RSUs is determined using the fair market value of the Company’s common stock on the grant date. For an award with graded vesting subject only to a service condition (e.g., time-based vesting), ASC 718-10-35-8 provides an accounting policy choice between either graded vesting attribution or straight-line attribution. The Company elects the graded vesting method, recognizing compensation expense for only the portion of awards expected to vest. Forfeitures of time-based units and awards are recognized as they occur. Stock-based compensation costs are calculated using the closing stock price on the grant date to estimate the fair value of time-based restricted stock units.

Restricted Stock Unit Awards (“RSUs”) — Performance-Based:

The accruals of compensation cost for an award with a performance condition are related to that performance condition’s probable outcome. Under ASC 718, a “performance condition” is the achievement of a specified target that is defined by referring to the employer’s operations or activities, such as an option that vests if the employer’s growth rate increases by a certain amount or there are the attainments of regulatory approval for a product. There is an accrual of compensation cost upon the likely achievement of the performance condition, and there is no accrual if the accomplishment of the performance condition is not probable. The exercise price for RSUs is determined using the fair market value of the Company’s common stock on the grant date. Stock-based compensation costs are calculated using the closing stock price on the grant date to estimate performance-based restricted stock units’ fair value.

Critical Accounting Policies, Estimates, and Judgments (continued)

Impairment of long-lived assets

Management reviews long-lived assets, including property, plant, equipment, other intangible assets with definite lives, and right-of-use operating lease assets for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. We conduct the Company's long-lived asset impairment analyses under ASC 360-10-15, "Impairment or Disposal of Long-Lived Assets." ASC 360-10-15 requires the Company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. The contemplation of measuring an impairment charge occurs if the undiscounted cash flows do not indicate the asset's carrying amount is recoverable, by which the asset group's carrying amount exceeds its fair value based on discounted cash flow analysis appraisals. Under Topic 360, consideration is given to asset impairment, for intangible assets with definite lives continue to be amortized over their estimated useful lives and are subject to impairment testing as part of their asset group if and when events or changes in circumstances indicate. In performing the impairment tests, management utilizes considerable judgment and assumptions.

Right-of-use operating lease abandonment

Management decided to vacate the Billerica, MA facility as part of the Company's cost savings strategy implemented in the third quarter of the fiscal year 2022. The economic environment of the location precluded the action of sub-letting, and management determined the (leased facility) to be abandoned. Under ASC 360, leased space abandonment is an impairment indicator, and the Company assessed the lease right-of-use ("ROU") assets for impairment. The Company considered approximately \$131,000 of right-of-use operating assets impaired, and for the years ending December 31, 2022, and 2021, we recognized a loss on impairment of right-of-use assets of approximately \$88,000 and \$-0-.

Common Stock Purchase Warrants and Other Derivative Financial Instruments

The Company assesses the classification of its freestanding derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required. The Company classifies common stock purchase warrants and other freestanding financial instruments as equity if the contracts (i) require physical settlement or net-share settlement in common stock or (ii) give the Company a choice of net-cash settlement or settlement in common stock (physical settlement or net-share settlement). The Company classifies the following contracts as either an asset or a liability: contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the control of the Company), (ii) give the counterparty a choice of net-cash settlement or settlement in common stock (physical settlement or net-share settlement) or (iii) contain reset provisions.

Commitments and Contingencies

Unless otherwise disclosed in this Report, we have no material commitments or contingent liabilities.

Recently Issued Accounting Pronouncements

Recently Issued Accounting Standards Adopted and Not Yet Adopted

Adopted on January 1, 2023

In June 2016, the FASB established Topic 326, Financial Instruments—Credit Losses, Measurement of Credit Losses on Financial Instruments (ASU) No. 2016-13, which requires a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including accounts receivable.

The standard replaces the existing incurred credit loss model with the Current Expected Credit Losses ("CECL") model. It is required to measure credit losses based on the Company's estimate of expected losses rather than incurred losses, which generally results in earlier recognition of allowances for credit losses. Under ASC 326, the Company evaluates specific criteria, including aging and historical write-offs, the current economic condition of particular customers, and future economic conditions of countries utilizing a consumption index to determine the appropriate allowance for credit losses. The Company completed its assessment of the new standard, and no adjustment will be made to its opening balance of retained earnings relating to its trade receivables. The Company writes off receivables once it is determined that the receivables are no longer collectible and as allowed by local laws.

Recent Accounting Pronouncements

Other recent accounting standards issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

There is no requirement to include the disclosures required under Item 7A as a smaller reporting company under SEC rules.

Item 8. Financial Statements and Supplementary Data

The Company's audited financial statements and notes appear in this report beginning on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures designed to ensure that the disclosure of required information in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information requiring disclosure in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer (our "Certifying Officers"), to allow timely decisions regarding required disclosure.

Management's assessment of the Company's design and operation of disclosure controls is ongoing. Based on the evaluation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2022, our Certifying Officers have concluded that, as of December 31, 2022, our disclosure controls and procedures were not effective at the reasonable assurance level, due to material weaknesses in internal control over financial reporting, as described below.

(b) Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act). Internal control over financial reporting is a process designed under the supervision and with the participation of our management, including our Certifying Officers, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes under generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance (a) that transactions are recorded as necessary to permit preparation of financial statements under generally accepted accounting principles, (b) that our receipts and expenditures are being made only following authorizations of our management and directors; and (3) provide reasonable assurance regarding the prevention or timely detection of the unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

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

As required by Rule 13a-15(c) under the Exchange Act, our Certifying Officers evaluated the effectiveness of our internal control over financial reporting as of December 31, 2022, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013). In their assessment of the effectiveness of internal control over financial reporting as of December 31, 2022, management concluded that such control was ineffective and that there were control deficiencies that constituted material weaknesses because (i) we currently do not employ the appropriate number of accounting personnel to ensure (a) we maintain proper segregation of duties, (b) conduct a tolerable risk assessment, and (ii) we have not adequately documented a complete assessment of the effectiveness of the design and operation of our internal control over financial reporting.

Management has engaged a third-party consultant to identify and document our internal control deficiencies and provide an assessment of current controls and recommendations regarding remediation efforts to eliminate or mitigate the control deficiencies.

Notwithstanding the identified material weakness as of December 31, 2022, management, including the Certifying Officers, believe that the condensed consolidated financial statements contained in this Annual Report filing fairly present, in all material respect, our financial condition, results of operations, and cash flows for the fiscal period presented in conformity with GAAP.

(c) Changes in Internal Controls over Financial Reporting

Our remediation efforts specifically targeted the supervisory review of our accounting procedures. Additionally, these efforts have included integrating the August 16, 2021, acquisition of Mobile Viewpoint Corporate B.V. ("MVP"). Our assessment of the

effectiveness of internal controls over financial reporting concerning MVP runs similar to the Company's conclusion above of the material weaknesses identified in our annual report for December 31, 2022. See Note 3 of "Notes to The Condensed Consolidated Financial Statements."

d) Auditor's Report on Internal Control over Financial Reporting

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. According to SEC rules, management's report was not subject to attestation by the Company's registered public accounting firm, which permits us to provide only management's report on internal control over financial reporting in this annual report on Form 10-K.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The information required by this Item 10 is incorporated into this Report by reference to the information that will be contained in our proxy statement related to the 2023 Annual Meeting of Stockholders or an amendment to this Annual Report, which we intend to file with the SEC within 120 days of the end of our fiscal year.

Item 11. Executive Compensation

The information required by this Item 10 is incorporated into this Report by reference to the information that will be contained in our proxy statement related to the 2023 Annual Meeting of Stockholders or an amendment to this Annual Report, which we intend to file with the SEC within 120 days of the end of our fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by Item 12 is incorporated into this Report by reference to the information that will be contained in our proxy statement related to the 2023 Annual Meeting of Stockholders or an amendment to this Annual Report, which we intend to file with the SEC within 120 days of the end of our fiscal year.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item 13 is incorporated into this Report by reference to the information that will be contained in our proxy statement related to the 2023 Annual Meeting of Stockholders or an amendment to this Annual Report, which we intend to file with the SEC within 120 days of the end of our fiscal year.

Item 14. Principal Accountant Fees and Services

The information required by this Item 14 is incorporated into this Report by reference to the information that will be contained in our proxy statement related to the 2023 Annual Meeting of Stockholders or an amendment to this Annual Report, which we intend to file with the SEC within 120 days of the end of our fiscal year.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this Report:

(1) Financial Statements:

The audited consolidated balance sheets of the Company as of December 31, 2022, and 2021, the related statements of operations and comprehensive loss, changes in stockholders' equity and cash flows for each of the two years in the period ended December 31, 2022, the footnotes thereto, and the report of Marcum LLP, independent registered public accountants, are filed herewith.

(2) Financial Schedules:

None.

Financial statement schedules have been omitted because they are either not applicable or the required information is included in the financial statements or notes thereto.

(3) Exhibits:

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Report.

(b) The following are exhibits to this Report, and, if incorporated by reference, we have indicated the document previously filed with the SEC in which the exhibit was included:

Certain agreements filed as exhibits to this Report contain representations and warranties by the parties to the agreements made solely for the agreement's benefit. These representations and warranties:

- may have been qualified by disclosures that were made to the other parties in connection with the negotiation of the agreements, which disclosures are not necessarily reflected in the agreements;
- may apply standards of materiality that differ from those of a reasonable investor; and
- were made only as specified dates in the agreements and subject to subsequent developments and changed circumstances.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date that these representations and warranties were made or at any other time. Investors should not rely on them as statements of fact.

Exhibit Number	Description of Exhibit
1.1	<u>Sales Agreement, dated May 5, 2020, by and between Vislink Technologies, Inc. and A.G.P./Alliance Global Partners⁽¹⁾</u>
3.1(i)	<u>Amended & Restated Certificate of Incorporation⁽²⁾</u>
3.1(i)(a)	<u>Amendment to Certificate of Incorporation filed June 11, 2014⁽³⁾</u>
3.1(i)(b)	<u>Amendment to Certificate of Incorporation filed July 10, 2015⁽⁴⁾</u>
3.1(i)(c)	<u>Amended and Restated Certificate of Designation of Series B Convertible Preferred Stock⁽⁵⁾</u>
3.1(i)(d)	<u>Certificate of Designation of Series C Convertible Preferred Stock⁽⁶⁾</u>
3.1(i)(e)	<u>Certificate of Designation of Series D Convertible Preferred Stock⁽⁷⁾</u>
3.1(i)(f)	<u>Certificate of Designation of Series E Convertible Preferred Stock⁽⁹⁾</u>
3.1(i)(g)	<u>Certificate of Designation of the Series A Preferred Stock of the Company, dated November 9, 2022⁽¹²⁾</u>
3.1(i)(h)	<u>Certificate of Elimination for Series C Convertible Preferred Stock⁽⁵⁾</u>
3.1(i)(i)	<u>Certificate of Elimination for Series B Convertible Preferred Stock⁽⁸⁾</u>
3.1(i)(j)	<u>Certificate of Elimination for Series D Preferred Stock of the Company, dated November 9, 2022⁽¹²⁾</u>
3.1(i)(k)	<u>Certificate of Elimination for Series E Preferred Stock of the Company, dated November 9, 2022⁽¹²⁾</u>
3.1(i)(l)	<u>Certificate of Elimination for Series A Preferred Stock of the Company, dated March 24, 2023⁽³²⁾</u>
3.1(i)(m)	<u>Amendment to Certificate of Incorporation filed June 10, 2016⁽³¹⁾</u>
3.1(i)(n)	<u>Certificate of Amendment to Certificate of Incorporation of the Company, filed with the Secretary of State of the State of Delaware on February 11, 2019⁽¹⁰⁾</u>
3.1(i)(o)	<u>Certificate of Amendment to the Certificate of Incorporation of the Company, filed with the Secretary of State of the State of Delaware on July 31, 2020⁽¹¹⁾</u>
3.1(ii)	<u>Third Amended & Restated Bylaws⁽¹³⁾</u>
4.1	<u>Form of Common Stock Certificate of the Registrant⁽¹⁴⁾</u>
4.2	<u>Form of Warrant Agreement by and between the Registrant and Continental Stock Transfer & Trust Company and Form of Warrant Certificate for the offering closed July 24, 2013, and August 19, 2013⁽¹⁵⁾</u>
4.3	<u>Form of Warrant⁽¹⁶⁾</u>
4.4	<u>Form of Vislink Promissory Note⁽¹⁷⁾</u>
4.5	<u>Form of Underwriters' Warrant for February 2017 Offering⁽¹⁸⁾</u>
4.6	<u>Form of Warrant for August 2017 Offering⁽¹⁹⁾</u>
4.7	<u>Form of 6% Senior Secured Convertible Debenture⁽²⁰⁾</u>
4.8	<u>Form of Common Stock Purchase Warrant⁽²⁰⁾</u>
4.9	<u>Form of Amended and Restated 6% Senior Secured Debenture⁽²¹⁾</u>
4.10	<u>Warrant Agreement, including Form of Common Warrant and Form of Pre-Funded Warrant from July 2019 Offering⁽²²⁾</u>
4.11*	<u>Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.</u>
10.1	<u>2013 Long Term Incentive Plan⁽²³⁾</u>
10.2	<u>Amendment No.1 to 2013 Long Term Incentive Plan⁽²⁴⁾</u>
10.3	<u>Forms of Agreement Under 2013 Long Term Incentive Plan⁽²³⁾</u>

Exhibit Number	Description of Exhibit
10.4	<u>Employment Agreement by and between the Company and Carleton Miller, dated as of January 22, 2020</u> ⁽²⁵⁾
10.5	<u>Notice of Grant of Stock Option for Time-Vested Options and Stock Option Agreement by and between the Company and Carleton Miller, dated as of January 22, 2020</u> ⁽²⁵⁾
10.6	<u>Notice of Grant of Stock Option for Performance-Vested Options and Stock Option Agreement by and between the Company and Carleton Miller, dated as of January 22, 2020</u> ⁽²⁵⁾
10.7	<u>Employment Agreement by and between the Company and Michael Bond, dated as of February 27, 2020</u> ⁽²⁶⁾
10.8	<u>Form of Indemnification Agreement by and between the Company and its officers and directors</u> ⁽²⁶⁾
10.9	<u>Non-Employee Director Compensation Policy</u> ⁽²⁷⁾
10.10	<u>Form of Non-Employee Director Restricted Shares Agreement</u> ⁽²⁷⁾
14.1	<u>Code of Ethics</u> ⁽²⁸⁾
21.1	<u>Subsidiaries of the Registrant</u> ⁽²⁹⁾
23.1*	<u>Consent of Marcum LLP</u>
31.1*	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted 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, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2*	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Schema
101.CAL	Inline XBRL Taxonomy Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Definition Linkbase
101.LAB	Inline XBRL Taxonomy Label Linkbase
101.PRE	Inline XBRL Taxonomy Presentation Linkbase
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

* Filed herewith

- (1) Filed as an Exhibit on Current Report on Form 8-K with the SEC on May 5, 2020.
- (2) Filed as an Exhibit on Form S-1 with the SEC on October 23, 2013.
- (3) Filed as an Exhibit on Current Report on Form 8-K with the SEC on June 13, 2014.
- (4) Filed as an Exhibit on Current Report on Form 8-K with the SEC on July 20, 2015.
- (5) Filed as an Exhibit on Current Report on Form 8-K with the SEC on February 10, 2016.
- (6) Filed as an Exhibit on Current Report on Form 8-K with the SEC on February 26, 2015.
- (7) Filed as an Exhibit on Current Report on Form 8-K with the SEC on April 27, 2016.
- (8) Filed as an Exhibit on Current Report on Form 8-K with the SEC on December 7, 2016.
- (9) Filed as an Exhibit on Current Report on Form 8-K with the SEC on December 27, 2016.
- (10) Filed as an Exhibit on Current Report on Form 8-K with the SEC on February 26, 2019.
- (11) Filed as an Exhibit on Current Report on Form 8-K with the SEC on August 5, 2020.
- (12) Filed as an Exhibit on Current Report on Form 8-K with the SEC on November 9, 2022.
- (13) Filed as an Exhibit on Current Report on Form 8-K with the SEC on August 20, 2021.
- (14) Filed as an Exhibit on Form S-1/A with the SEC on May 21, 2013.
- (15) Filed as an Exhibit on Current Report on Form 8-K with the SEC on August 19, 2013.
- (16) Filed as an Exhibit on Current Report on Form 8-K with the SEC on May 13, 2016.
- (17) Filed as an Exhibit on Current Report on Form 8-K with the SEC on February 6, 2017.
- (18) Filed as an Exhibit on Current Report on Form 8-K with the SEC on February 10, 2017.
- (19) Filed as an Exhibit on Current Report on Form 8-K with the SEC on August 16, 2017.
- (20) Filed as an Exhibit on Current Report on Form 8-K with the SEC on May 29, 2018.
- (21) Filed as an Exhibit on Current Report on Form 8-K with the SEC on October 11, 2018.
- (22) Filed as an Exhibit on Current Report on Form 8-K with the SEC on July 16, 2019.
- (23) Filed as an Exhibit on Form S-1 with the SEC on March 7, 2013.
- (24) Filed as an Exhibit on Current Report on Form 8-K with the SEC on January 7, 2021.
- (25) Filed as an Exhibit on Current Report on Form 8-K/A with the SEC on January 24, 2020.
- (26) Filed as an Exhibit on Annual Report on Form 10-K with the SEC on April 1, 2020.
- (27) Filed as an Exhibit on Quarterly Report on Form 10-Q with the SEC on November 12, 2020.
- (28) Filed as an Exhibit on Annual Report on Form 10-K with the SEC on March 6, 2014.
- (29) Filed as an Exhibit on Form S-1/A with the SEC on October 30, 2019.
- (30) Filed as an Exhibit on Current Report on Form 8-K with the SEC on March 26, 2023.
- (31) Filed as an Exhibit on Current Report on Form 8-K with the SEC on June 20, 2016.

SIGNATURES

Pursuant to the requirement 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.

VISLINK TECHNOLOGIES, INC.

Date: March 31, 2023

By: /s/ Carleton Miller

Carleton Miller
Chief Executive Officer
(Duly Authorized Officer and Principal Executive Officer)

Date: March 31, 2023

By: /s/ Michael C. Bond

Michael C. Bond
Chief Financial Officer
(Duly Authorized Officer and Principal Financial 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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Carleton Miller</u> Carleton Miller	Chief Executive Officer (Principal Executive Officer)	March 31, 2023
<u>/s/ Michael C. Bond</u> Michael C. Bond	Chief Financial Officer (Principal Financial and Accounting Officer)	March 31, 2023
<u>/s/ Susan Swenson</u> Susan Swenson	Chairman of the Board of Directors	March 31, 2023
<u>/s/ Jude T. Panetta</u> Jude T. Panetta	Director	March 31, 2023
<u>/s/ James T. Conway</u> James T. Conway	Director	March 31, 2023
<u>/s/ Ralph Faison</u> Ralph Faison	Director	March 31, 2023
<u>/s/ Brian K. Krolicki</u> Brian K. Krolicki	Director	March 31, 2023

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
December 31, 2022, and 2021

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Vislink Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Vislink Technologies, Inc. (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive loss, change in stockholders' equity and cash flows for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022 and 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2015

New York, NY
March 31, 2023

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	December 31,	
	2022	2021
ASSETS		
Current assets		
Cash	\$ 25,627	\$ 36,231
Accounts receivable, net	6,007	9,069
Inventories, net	12,021	11,894
Prepaid expenses and other current assets	1,232	2,470
Total current assets	44,887	59,664
Right of use assets, operating leases	1,075	1,362
Property and equipment, net	1,434	1,173
Intangible assets, net	4,400	5,921
Total assets	\$ 51,796	\$ 68,120
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 2,626	\$ 3,075
Accrued expenses	1,568	3,155
Notes payable	84	99
Operating lease obligations, current	455	560
Customer deposits and deferred revenue	1,540	2,113
Total current liabilities	6,273	9,002
Operating lease obligations, net of current portion	1,107	1,507
Deferred tax liabilities	764	978
Total liabilities	8,144	11,487
Commitments and contingencies (See Note 1)		
Series A Preferred stock, \$0.00001 par value per share: 47,500 and -0- shares authorized on December 31, 2022, and 2021, respectively; 47,419 and -0- shares issued and outstanding on December 31, 2022, and 2021, respectively at a redemption value equal to \$0.10 in cash for each ten thousand (10,000) whole shares.		
Stockholders' equity		
Preferred stock, \$0.00001 par value per share: 10,000,000 shares authorized on December 31, 2022, and 2021, respectively		
Common stock, \$0.00001 par value per share, 100,000,000 shares authorized on December 31, 2022, and 2021, respectively:		
Common stock, 47,419,317 and 45,825,089 were issued, and 47,416,658 and 45,822,430 were outstanding on December 31, 2022, and 2021, respectively.		
Additional paid-in capital	345,365	343,746
Accumulated other comprehensive loss	(1,337)	(297)
Treasury stock, at cost – 2,659 shares as of December 31, 2022, and 2021, respectively	(277)	(277)
Accumulated deficit	(300,099)	(286,539)
Total stockholders' equity	43,652	56,633
Total liabilities and stockholders' equity	\$ 51,796	\$ 68,120

The accompanying notes are an integral part of these consolidated financial statements.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(IN THOUSANDS, EXCEPT NET LOSS PER SHARE DATA)

	For the Years Ended December 31,	
	2022	2021
Revenue, net	\$ 28,402	\$ 33,882
Cost of revenue and operating expenses		
Cost of components and personnel	15,204	15,164
Inventory valuation adjustments	2,930	843
General and administrative expenses	18,195	22,039
Research and development	4,058	3,051
Impairment of right-of-use assets	88	—
Impairment of goodwill	—	9,189
Amortization and depreciation	1,722	1,343
Total cost of revenue and operating expenses	42,197	51,629
Loss from operations	(13,795)	(17,747)
Other income (expenses)		
Changes in fair value of derivative liabilities	—	22
Gain on settlement of debt	46	1,362
Other income	32	—
Interest expense, net	(38)	(29)
Total other income	40	1,355
Net loss before income taxes	(13,755)	(16,392)
Income taxes		
Deferred tax benefits	215	—
Net loss	(13,540)	(16,392)
Dividends	(20)	—
Net loss attributable to common shareholders	\$ (13,560)	\$ (16,392)
Net loss per share attributable to Common Shareholders:		
Basic and diluted loss per share	\$ (0.29)	\$ (0.38)
Weighted average number of shares outstanding:		
Basic and Diluted	46,692	43,484
Comprehensive loss:		
Net loss	\$ (13,540)	\$ (16,392)
Unrealized gain (loss) on currency translation adjustment	1,040	(445)
Comprehensive loss	\$ (12,500)	\$ (16,837)

The accompanying notes are an integral part of these consolidated financial statements.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE DATA)

	Series A Preferred Stock		Common Stock		Additional Paid In Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount					
Balance, December 31, 2020	—	\$ —	21,382,290	\$ —	\$ 280,273	\$ 148	\$ (277)	\$ (270,147)	\$ 9,997
Net loss	—	—	—	—	—	—	—	(16,392)	(16,392)
Unrealized gain on currency translation adjustment	—	—	—	—	—	(445)	—	—	(445)
Issuance of common stock in connection with:									
Underwriting equity raises, net of offering costs	—	—	24,348,018	—	59,334	—	—	—	17,346
Exercise of common stock warrants	—	—	3,811	—	2	—	—	—	11
Exercise of cashless common stock warrants	—	—	6,250	—	—	—	—	—	—
Stock issuance commitments	—	—	87,720	—	200	—	—	—	330
Warrants issued in settlement agreement	—	—	—	—	74	—	—	—	—
Stock-based compensation	—	—	—	—	3,863	—	—	—	715
Balance, December 31, 2021	—	\$ —	45,825,089	\$ —	\$ 343,746	\$ (297)	\$ (277)	\$ (286,539)	\$ 56,633
Net loss	—	—	—	—	—	—	—	(13,540)	(13,540)
Unrealized gain on currency translation adjustment	—	—	—	—	—	(1,040)	—	—	(1,040)
Issuance of shares of Series A Preferred Stock as dividends for common stock shareholders	47,419	—	—	—	—	—	—	(20)	(20)
Issuance of common stock in connection with:									
Satisfaction of accounts payable vendor balance	—	—	77,406	—	54	—	—	—	54
Satisfaction of withholding tax upon conversion of restricted stock units	—	—	357,778	—	—	—	—	—	—

Satisfaction with the conversion of restricted stock units	—	—	1,159,044	—	—	—	—	—	—
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Stock-based compensation	—	—	—	—	1,565	—	—	—	1,565
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Balance, December 31, 2022	47,419 \$	—	47,419,317 \$	—	\$ 345,365	\$ (1,337)	\$ (277)	(300,099)	\$ 43,652
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The accompanying notes are an integral part of these consolidated financial statements.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Years Ended December 31,	
	2022	2021
Cash flows used in operating activities		
Net loss	\$ (13,540)	\$ (16,392)
Adjustments to reconcile net loss to net cash used in operating activities		
Gain on settlement of debt	(46)	(1,362)
Stock-based compensation	1,565	3,863
Stock issuance commitments	200	200
Warrants issued in settlement agreement	—	74
Provision for bad debt	21	233
Recovery of bad debt	(517)	(310)
Inventory valuation adjustments	2,930	843
Amortization of right-of-use assets, operating assets	201	237
Impairment of right-of-use assets	88	—
Impairment of goodwill	—	9,189
Depreciation and amortization	1,722	1,343
Change in fair value of derivative liabilities	—	(22)
Deferred tax benefits	(215)	—
Changes in assets and liabilities		
Accounts receivable	3,197	(3,611)
Inventory	(3,731)	(3,187)
Prepaid expenses and other current assets	2,090	96
Accounts payable	(347)	(2,388)
Accrued expenses and interest expense	(1,780)	231
Operating lease liabilities	(506)	(483)
Deferred revenue and customer deposits	(558)	867
Deferred tax liabilities	—	978
Net cash used in operating activities	(9,226)	(9,601)
Cash flows used in investing activities		
Cash acquired from MVP for acquisition	—	965
Cash used in MVP stock acquisition	—	(18,311)
Cash used for property and equipment	(466)	(201)
Net cash used in investing activities	(466)	(17,547)
Cash flows (used in) provided by financing activities		
Proceeds received from equity financings	—	62,914
Costs incurred in connection with equity financing	—	(3,580)
Proceeds from the exercise of common stock warrants	—	2
Principal payments made on D & O notes payable	(958)	(1,024)
Net cash (used) provided in financing activities	(958)	58,312
Effect of exchange rate changes on cash	46	(123)
Net (decrease) increase in cash	(10,604)	31,041
Cash, beginning of the period	36,231	5,190
Cash, end of the period	\$ 25,627	\$ 36,231

The accompanying notes are an integral part of these consolidated financial statements.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(IN THOUSANDS)

	Years Ended December 31	
	2022	2021
Supplemental disclosure of cash payments:		
Cash paid during the period for interest	\$ 41	\$ 56
Supplemental disclosure of non-cash information:		
Notes payable recognized on D & O Insurance policy (Note 11)	\$ 943	\$ 1,098
Issuance of shares of Series A Preferred Stock as dividends for common stock shareholders	\$ 20	\$ —
Common stock issued in connection with:		
Board compensation awards previously accrued	\$ 200	\$ 200
Settlement of amounts due accounts payable	\$ 54	\$ —
Warrants issued in settlement agreement	\$ —	\$ 74
ROU assets and operating lease obligations recognized (Note 12):		
Operating lease assets recognized	\$ —	\$ 522
Less: non-cash changes to operating lease assets amortization	(1,185)	(237)
impairments	(43)	—
loss on lease impairments	(88)	—
	\$ (1,316)	\$ 285
Operating lease liabilities recognized	\$ —	\$ 531
Less: non-cash changes to operating lease liabilities accretion	(506)	(483)
	\$ (506)	\$ 48

The accompanying notes are an integral part of these consolidated financial statements.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — NATURE OF OPERATIONS

Vislink, incorporated in Delaware in 2006, is a global technology business specializing in collecting, delivering, and managing high-quality, live video and associated data from the action scene to the viewing screen. Vislink provides solutions for collecting live news, sports, entertainment, and news events for the broadcast markets. Vislink also furnishes the surveillance and defense markets with real-time video intelligence solutions using various tailored transmission products. The Vislink team also provides professional and technical services utilizing a staff of technology experts with decades of applied knowledge and real-world experience in the terrestrial microwave, satellite, fiber optic, surveillance, and wireless communications systems delivering a broad spectrum of customer solutions.

Live Broadcast:

Vislink delivers an extensive portfolio of solutions for live news, sports, and entertainment industries. These solutions include video collection, transmission, management, and distribution via microwave, satellite, cellular, I.P. (Internet Protocol), MESH, and bonded cellular/5G networks. We also provide solutions utilizing A.I. (Artificial Intelligence) technologies to provide automated news and sporting events coverage. With over 50 years in operation, Vislink has the expertise and technology portfolio to deliver fully integrated, seamless, end-to-end solutions.

Industry-wide contributors acknowledge Vislink's live broadcast solutions. The transmission of most of all outside wireless broadcast video content uses our equipment, with over 200,000 systems installed worldwide. We work closely with the majority of the world's broadcasters. Vislink wireless cameras and ultra-compact encoders help bring many of the world's most prestigious sporting and entertainment events to life. Recent examples include globally watched international sporting contests, award shows, racing events, and annual music and cultural events.

Military And Government:

Vislink has developed high-quality solutions to meet surveillance and defense markets' operational and industry challenges based on our knowledge of live video delivery. Vislink solutions are specifically designed with interagency cooperation, utilizing the internationally-recognized I.P. platform and a web interface for video delivery. Vislink provides comprehensive video, audio, and data communications solutions to law enforcement and the public safety community, including Airborne, Unmanned Systems, Maritime, and Tactical Mobile Command Posts. These solutions may include:

- integrated suites of airborne downlink transmitters, receivers, and antenna systems
- data and video connectivity for airborne, marine, and ground assets
- UAV video distribution
- flexible support for COFDM and bonded cellular/5G Networks
- terrestrial point-to-point
- tactical mobile command
- IP-based, high-end encryption, full-duplex, real-time connectivity at extended operating ranges
- high-throughput air/marine/ground-to-anywhere uplink and downlink systems
- secure live streaming platforms for use in mobile and fixed assets
- personal portable products

Vislink public safety and surveillance solutions are deployed worldwide, including throughout the U.S., Europe, and the Middle East, at the local, regional, and federal levels of operation, criminal investigation, crisis management, mobile command posts, and field operations. These solutions are designed to meet the demands of field operations, command centers, and central receiving sites. Short-range and long-range solutions are available in areas including established infrastructure and exceptionally remote regions, making valuable video intelligence available regardless of location.

Satellite Communications:

Over 30 years of technical expertise support Vislink's satellite solutions. These solutions ensure robust, secure communications while delivering low transmission costs for any organization that needs high-quality, reliable satellite transmission. We offer turnkey solutions that begin with state-of-the-art coding, compression, and engine modulation and end with our robust, lightweight antenna systems. Vislink Satellite solutions focus heavily on being the smallest, lightest, and most efficient in their categories, making transportation and ease of use a key driver in the customer experience. Vislink offers an extensive range of satellite designs that allow customers to optimize bit rate, size, weight, and total cost. Our satellite systems are used extensively globally, with over 2,000 systems deployed by governments, militaries, and broadcasters. While we continue offering satellite solutions, we no longer invest in the engineering and product development necessary to stay relevant in the sector. We will continue to market and sell our current solutions but do not anticipate introducing further upgrades or features to our satellite product line.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — NATURE OF OPERATIONS (continued)

Connected Edge Solutions:

Vislink offers the hardware and software solutions needed to acquire, produce, contribute, and deliver video over all private and public networks with the Mobile Viewpoint acquisition. Connected edge solutions aid the video transport concept of ubiquitous IP networks and cloud-scale computing across 5G, WiFi6, Mesh, and COFDM-enabled networks. These solutions include:

- Live video encoding, stream adaptation, decoding, and production solutions
- Remote production workflows
- Wireless cameras
- AI-driven automated production
- Ability to contribute video over:
 - Bonded cellular (3G and 4G)
 - Satellite
 - Fiber
 - Emerging networks, including 5G and Starlink

NOTE 2 — LIQUIDITY AND FINANCIAL CONDITION

The Company incurred an approximate \$13.8 million loss from operations and \$9.2 million of cash used in operating activities for the year ended December 31, 2022. The Company had \$38.6 million in working capital, \$300.1 million in accumulated deficits, and \$25.6 million cash on hand as of December 31, 2022.

During the year ended December 31, 2021, the Company issued 6,163,198 shares of common stock for net proceeds of \$12,600,000 under its at-the-market facility with Alliance Global Partners (the “ATM”). As of March 16, 2023, approximately \$4,500,000 of capacity remains under the ATM. On February 8, 2021, the Company completed an underwritten public offering for net proceeds of \$46,820,000. The Company issued 18,181,820 shares of common stock, supplemented by 9,090,910 five-year warrants with an exercise price of \$3.25 per share exercisable for one share.

The enduring effect of the COVID-19 pandemic, including the advent of successive variants, plus the uncertainty of possible future variants, may subject the Company to particular challenges in its business, financial condition, results of operations, and cash flows. The unpredictability of the pandemic’s scope, severity, duration, and actions implemented to alleviate its direct and indirect economic effects and containment measures provide no assurances that the pandemic will not have material adverse repercussions on the Company’s operations, liquidity, financial condition, and any residual unfavorable consequences to global economics.

Developments, including those beyond our control, may cause us to consume our available capital more quickly. The Company bases its evaluation on possibilities that may prove wrong and could exhaust our available capital resources sooner than we expect. These may include but are not limited to economic conditions, including inflation, foreign exchange, fluctuations, and the markets in which we compete or wish to enter, strategic acquisitions, our market strategy, our research and development activities, regulatory matters, and technology and product innovations. The Company believes it will have sufficient funds to continue its operations for at least twelve months from the filing date of these financial statements.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Combinations

The Company accounts for acquisitions that qualify as business combinations by applying the acquisition method according to Accounting Standards Codification (“ASC”) 805, Business Combinations (“ASC 805”). Transaction costs related to the acquisition of a business are expensed as incurred and excluded from the fair value of consideration transferred. The identifiable assets acquired, liabilities assumed, and noncontrolling interests in an acquired entity are recognized and measured at their estimated fair values. The excess of the fair value of consideration transferred over the fair values of identifiable assets acquired, liabilities assumed, and noncontrolling interests in an acquired entity, net of the fair value of any previously held interest in the acquired entity, is recorded as goodwill. Such valuations require management to make significant estimates and assumptions.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of Consolidation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America or ("U.S. GAAP") as found in the Accounting Standards Codification ("ASC"), the Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB") and the rules and regulations of the US Securities and Exchange Commission (the "SEC"). The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. We have eliminated all intercompany accounts and transactions upon consolidating our subsidiaries.

Segment Reporting

The Company identifies operating segments as components of an enterprise about which separate discrete financial information is available for evaluation by the operating decision-makers, or decision-making group, in deciding how to allocate resources and assess performance. The Company's decision-making group is the senior executive management team. The Company and the decision-making group view the Company's operations and manage its business as one operating segment with different product offerings. All long-lived assets of the Company reside in the U.S., the U.K., and the Netherlands.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities in the consolidated financial statements. Significant accounting estimates reflected in the Company's consolidated financial statements include the useful lives of property, plant, and equipment, the useful lives of right-of-use assets, the useful lives of intangible assets, impairment of long-lived assets, allowance for accounts receivable doubtful accounts, allowance for inventory obsolescence reserve, allowance for deferred tax assets, valuation of warranty reserves, contingent consideration liabilities, and the accrual of potential liabilities. These estimates also affect the reported revenues and expenses during the reporting periods. Actual results could differ from estimates, and any such differences may be material to our financial statements.

Risks and Uncertainties

The future impacts of the Russia-Ukraine war, the novel coronavirus ("COVID-19") pandemic, and their residual effects include economic uncertainty, an inflationary environment, currency fluctuations, disruption within the global supply chain, and labor markets worldwide industries remain uncertain. These circumstances have created prevalent uncertainty and risk. The impact of these issues on our business will vary by geographic market and discipline. In response to potential reductions in revenue, we may take actions to align our cost structure with changes in customer demand and manage our working capital. However, there can be no assurance as to the effectiveness of our efforts to mitigate any impact of the current and future adverse economic conditions, reductions in client revenue, changes in client creditworthiness, and other developments. We monitor the circumstances mentioned above to assess direct material adverse effects on our business, financial condition, or results of operations. Therefore, these impacts may change accounting estimates and assumptions over time. Interim period results are not necessarily indicative of the expected results for the full fiscal year.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents. The Company did not have cash equivalents as of December 31, 2022, and 2021.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations

The Company does not have any off-balance-sheet concentrations of credit risk. Credit risk is that the counterparty will default on its contractual obligations, resulting in a company's financial loss. The Company's credit risk is primarily attributable to its cash and accounts receivables. The Company's policy is to maintain its cash with high-credit quality financial institutions to limit its risk of loss exposure. Financial instruments potentially subject the Company to credit risk concentration consisting of cash deposits. The Federal Deposit Insurance Corporation ("FDIC") insures accounts held within the United States up to \$250,000. The Company maintains cash balance accounts at financial institutions in the United Kingdom insured by the Financial Services Compensation Scheme up to £85,000, subject to currency translation rates to the United States dollar. Lastly, the Company maintains cash balance accounts at financial institutions in the Netherlands insured by the "Dutch deposit guarantee scheme" up to €100,000 per person, per bank.

On December 31, 2022, and 2021, the Company had approximately \$24.5 million and \$35.2 million above insured limits, respectively. The Company has not experienced any losses in its bank accounts between December 31, 2022, and 2021.

Management assesses their credit quality for customers, considering their financial position and historical experience. During the year ended December 31, 2022, the Company recorded sales to a single customer of \$3,436,000 (12%), in excess of 10% of the Company's total sales. For the year ended December 31, 2021, the Company recorded sales to a single customer of \$8,511,000 (25%) in excess of 10% of the Company's total sales.

On December 31, 2022, and 2021, the Company recorded accounts receivable of approximately \$1,138,000 (19%) and \$4,204,000 (46%), respectively, to a single customer in excess of 10% of the Company's total consolidated accounts receivable.

Accounts Receivable and Allowance for Doubtful Accounts

The Company extends credit to its customers in the ordinary course of business. Further, the Company regularly reviews outstanding receivables and provides for estimated losses through an allowance for doubtful accounts. In evaluating the level of established loss reserves, the Company makes judgments regarding its customer's ability to make required payments, prevailing economic conditions, previous experience, and other factors. As these factors' financial situation changes, circumstances develop, or additional information becomes available, adjustments to the allowance for doubtful accounts may be required. The Company maintains reserves for credit losses, and losses have been within its expectations.

Inventories

Inventories consist of raw materials, work-in-process, and finished goods and are recorded at the lower of cost, on a first-in, first-out basis, or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable completion, disposal, and transportation costs. The Company evaluates inventory balances and either writes down obsolete inventory or records a reserve for slow-moving or excess inventory based on net realizable value analysis.

Property and Equipment

Property and equipment are presented at cost at the date of acquisition, less depreciation. Depreciation is computed using the straight-line method over estimated useful asset lives, ranging from 1 to 14 years. The costs of the day-to-day servicing of property and equipment and repairs and maintenance are recognized in expenses as incurred.

Goodwill

Goodwill represents the excess cost of an acquired business over the fair value of the identifiable tangible, and intangible assets acquired and liabilities assumed in a business combination under the acquisition method of accounting under ASC 805 "Business Combinations" (see Note 4). Goodwill is not amortized but, per ASC 350, is tested for impairment annually. Goodwill is also tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Judgment determines if an indicator of impairment has occurred during a year. When testing goodwill for impairment, we may assess qualitative factors for some or all of our reporting units to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. Alternatively, we may bypass this qualitative assessment for some or all of our reporting units and perform step 1 of the two-step goodwill impairment test. If we perform step 1 and the reporting unit's carrying amount exceeds its fair value, we will perform step 2 to measure such impairment. We have completed our annual impairment test and recorded \$-0- and \$9,189,000 in goodwill impairment charges for the years ended December 31, 2022, and 2021, respectively.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Intangible Assets

Patents and licenses:

Patents and licenses, measured initially at purchase cost, are included in intangible assets on the Company's balance sheet and are amortized on a straight-line basis over their estimated useful lives of 18.5 to 20 years. Amortization totaled approximately \$535,000 and \$668,000 for the years ended December 31, 2022, and 2021, respectively.

Other intangible assets:

The Company's remaining intangible assets include the trade names, technology, and customer lists acquired in its acquisition of IMT, Vislink, and Mobile Viewpoint Corporate B.V. ("MVP"). A third-party appraiser determined the value of these acquired assets for these business combinations. Absent an indication of fair value from a potential buyer or similar specific transactions, we have determined that using the methods employed provided a reasonable estimate in reporting the values assigned.

The Company amortizes intangible asset costs over their useful lives of 3 to 15 years with its net book value reported on the balance sheet. Amortization totaled approximately \$985,000 and \$480,000 for the years ended December 31, 2022, and 2021, respectively.

Warranty Reserve

Although the Company tests its product under its quality programs and processes, its warranty obligation is affected by product failure rates and service delivery costs incurred in correcting a product failure. Required revisions to the estimated warranty liability will occur should actual product failure rates or service costs differ from the Company's estimates, where applicable, based on limited historical data.

The claims made during the year ended December 31, 2022, and 2021 were ordinary and customary. The warranty reserve is included in accrued expenses on the accompanying consolidated balance sheets and the cost of components in the accompanying consolidated statement of operations.

	Warranty Reserve
December 31, 2020	\$ 283,000
Warranty reserve expense	
Warranty claims settled, and true-up of accrual	(152,000)
December 31, 2021	\$ 131,000
Warranty reserve expense	
Warranty claims settled, and true-up of accrual	(117,000)
December 31, 2022	\$ 112,000

Shipping and Handling Costs

The Company invoices its shipping and handling charges to the customer, and we net these charges against the respective costs within general and administrative expenses. For the years ended December 31, 2022, and 2021, the shipping and handling costs incurred were \$796,000 and \$581,000, respectively.

Common Stock Purchase Warrants and Other Derivative Financial Instruments

The Company assesses the classification of its freestanding derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required. The Company classifies common stock purchase warrants and other freestanding financial instruments as equity if the contracts (i) require physical settlement or net-share settlement in common stock or (ii) give the Company a choice of net-cash settlement or settlement in common stock (physical settlement or net-share settlement). The Company classifies the following contracts as either an asset or a liability: contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the control of the Company), (ii) give the counterparty a choice of net-cash settlement or settlement in common stock (physical settlement or net-share settlement) or (iii) contain reset provisions.

VISLINK TECHNOLOGIES, INC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Treasury Stock

Treasury stock is recorded at cost upon the repurchasing of common shares. The cost method is used upon the re-issuance of shares. Under U.S. GAAP, the excess of the acquisition cost over the re-issuance price of the treasury stock, if any, is recorded to additional paid-in capital, limited to the amount previously credited to additional paid-in capital if any. The Company charges the accumulated deficit for any excess.

Revenue Recognition

We account for the Company's operating results under ASC Topic 606, adopted on January 1, 2019. It is a comprehensive revenue recognition model that requires recognition when the Company transfers control of the promised goods or services to our customers at an amount that reflects the consideration we expect to receive. The application of ASC Topic 606 requires us to use more judgment and make more estimates than under previously issued guidance.

The Company generates all its revenue from contracts with customers. The Company recognizes revenue when we satisfy a performance obligation by transferring control of the promised goods or services to a customer in an amount that reflects the consideration we expect to receive in exchange for those services.

Revenue Recognition (continued)

The Company determines revenue recognition through the following steps:

1. Identification of the contract, or contracts, with a customer.
2. Identification of the performance obligations in the contract.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognition of revenue when, or as, we satisfy a performance obligation.

At contract inception, the Company assesses the goods and services promised in our customer contracts and identifies a performance obligation for each. To determine the performance obligations, the Company considers all the products and services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. The timing of satisfaction of the performance obligation is not subject to significant judgment. We measure revenue as the consideration we expect to receive in exchange for transferring goods and services. The value-added sales taxes and other charges we collect concurrent with revenue-producing activities are excluded from income.

Remaining Performance Obligations:

The remaining performance obligations, or backlog, represent the aggregate amount of the transaction price allocated to the remaining obligations that the Company has not performed under its customer contracts. The Company has elected to use the optional exemption in ASC 606-10-50-14, which exempts an entity from such disclosures if a performance obligation is part of a contract with an original expected duration of one year or less.

Research and Development Expenses

As the Company performs research, design, and development activities, we charge these costs to research and development expenses in the Consolidated Statements of Operations and Comprehensive Loss. These expenses consist primarily of salary and benefit expenses, including stock-based compensation and payroll taxes for employees' and contractors' costs engaged in research, design, development activities, prototypes, facilities, and travel costs.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

Leases

We determine if an arrangement is a lease at inception. We recognize lease expense for lease payments on a straight-line basis over the lease term. The Company includes operating leases as ROU assets as “Right of use assets, operating leases” in the consolidated balance sheets. For lease liabilities, operating lease liabilities are included in “Operating lease obligations, current” and “Operating lease liabilities, net of current portion” in the consolidated balance sheets. We recognize Operating lease ROU assets and liabilities on the commencement date based on the present value of lease payments for all leases with a term longer than 12 months. No lease and non-lease components are separated for all our real estate contracts.

There were no capital leases, now titled “finance leases” under ASC 842, in the Company’s lease portfolio as of December 31, 2022. The ROU assets and related lease liabilities recorded under ASC 842 are calculated based on the present value of the lease payments using (1) the rate implicit in the lease or (2) the lessee’s incremental borrowing rate (“IBR”), defined as the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a comparable economic environment. As most of our leases do not provide an implicit rate, we determined our incremental borrowing rates based on an analysis of prior collateralized borrowings over similar terms of the lease payments at the commencement date to estimate the IBR under ASC 842.

Stock-Based Compensation

The Company accounts for stock compensation with persons classified as employees for accounting purposes under ASC 718 “Compensation-Stock Compensation,” which recognizes awards at fair value on the date of grant and recognition of compensation over the service period for awards expected to vest. The fair value of stock options is determined using the Black-Scholes Option Pricing Model, and the fair value of common stock issued for services is determined based on the Company’s stock price on the issuance date.

The expansion of Topic 718 fell under ASU 2018-07 to include share-based payment transactions for acquiring goods and services from nonemployees. The measurement date for equity-classified nonemployee share-based payment awards is no longer at the earlier date at which a commitment for performance by the counterparty is reached or the date at which the counterparty’s performance is complete. Instead, the grant date is now considered the measurement date. Under today’s guidance, the measurement of nonemployee share-based payment awards with performance conditions is at the lowest aggregate fair value, often resulting in a zero value. The new ASU aligns the accounting for nonemployee share-based payment awards with performance conditions with accounting for employee share-based payment awards under Topic 718 by requiring entities to consider the probability of satisfying performance conditions. Current guidance requires entities to use the contractual term to measure the nonemployee share-based payment awards. The new ASU allows entities to make an award-by-award election to use the expected duration (consistent with employee share-based payment awards) or the contractual term for nonemployee awards.

Stock-Option Awards — Time-based and performance-based:

Under ASC Topic 718, the compensation cost is measured based on an award’s fair value at the grant’s date for the time vested option award using the Black Scholes-Merton formula as a valuation technique. The Company used the U.S. Treasury note’s rate over the expected option term for the risk-free rate. Employees’ expected term represents the period that options granted are expected to be outstanding using the simplified method. The Company’s historical share option exercise experience does not provide a reasonable basis for estimating the expected term. For nonemployee options, the expected term is the entire term of the option. Expected volatility is based on the average weekly share price changes over the shorter expected term or the period from the Nasdaq Capital Markets Exchange placement to the grant’s date. The Company estimates forfeiture and volatility using historical information. The risk-free interest rate is based on the implied yield on U.S. Treasury zero-coupon issues over the options’ equivalent lives.

The Company has not paid dividends on its common stock, and no assumption of dividend payment(s) is made in the model. For employee equity-classified awards, compensation cost is recognized over the employee’s requisite service period with a corresponding credit to additional paid-in capital. The employee’s requisite service period begins at the service inception date and ends when the requisite service has been provided.

Restricted Stock Unit Awards (“RSUs”) — Time-Based:

Under ASC 718, the exercise price for RSUs is determined using the fair market value of the Company’s common stock on the grant date. For an award with graded vesting subject only to a service condition (e.g., time-based vesting), ASC 718-10-35-8 provides an accounting policy choice between graded vesting attribution or straight-line attribution. The Company elects the graded vesting method, recognizing compensation expense for only the portion of awards expected to vest. Forfeitures of time-based units and awards are recognized as they occur. Stock-based compensation costs are calculated using the closing stock price on the grant date to estimate the fair value of time-based restricted stock units.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Stock-Based Compensation (continued)

Restricted Stock Unit Awards ("RSUs") — Performance-Based:

The accruals of compensation cost for an award with a performance condition are related to that performance condition's probable outcome. Under ASC 718, a "performance condition" is the achievement of a specified target that is defined by referring to the employer's operations or activities, such as an option that vests if the employer's growth rate increases by a certain amount or there are the attainments of regulatory approval for a product. There is an accrual of compensation cost upon the likely achievement of the performance condition, and there is no accrual if the accomplishment of the performance condition is not probable. The exercise price for RSUs is determined using the fair market value of the Company's common stock on the grant date. Stock-based compensation costs are calculated using the closing stock price on the grant date to estimate performance-based restricted stock units' fair value.

Impairment and Abandonment

Right-of-use operating lease abandonment:

Management decided to vacate the Billerica, MA facility as part of the Company's cost savings strategy implemented in the third quarter of the fiscal year 2022. The economic environment of the location precluded the action of sub-letting, and management determined the (leased facility) to be abandoned as of September 30, 2022. Under ASC 360, leased space abandonment is an impairment indicator, and the Company assessed the lease right-of-use ("ROU") assets for impairment. The Company considered approximately \$131,000 of right-of-use operating assets impaired, less \$43,000 of accumulated amortization, and for the years ending December 31, 2022, and 2021, the Company recognized a loss on impairment of ROU assets of approximately \$88,000 and \$-0-, respectively.

Income Taxes

Under ASC 740, as part of our consolidated financial statements, we must estimate our income tax provision (benefit) in each jurisdiction in which we operate. The Company uses the asset and liability method of accounting for income taxes. The recognition of deferred income tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases fall under this method. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years these temporary differences are expected to be recovered or settled. The recognition of the effect on deferred tax assets and liabilities of a change in tax rates in income is in the period that includes the enactment date. A valuation allowance is provided for those deferred tax assets for which management cannot conclude that it is more likely than not that such deferred tax assets will be realized. The Company will file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company recognizes the impact of an uncertain tax position in its financial statements if, in management's judgment, it is more likely than not sustainable upon audit based upon the position's technical merits. It involves identifying potential uncertain tax positions, evaluating applicable tax laws, and assessing whether the liability for uncertain tax positions is necessary. The Company's policy is to classify assessments, if any, for tax-related interest expense and penalties as general and administrative expenses.

Advertising Costs

Advertising costs are charged to operations as incurred. Advertising costs amounted to approximately \$1,038,000 and \$139,000 for the years ended December 31, 2022, and 2021, respectively. The Company includes advertising costs in general and administrative expenses in the accompanying consolidated statement of operations.

Sales Tax and Value-Added Taxes

The Company accounts for sales taxes and value-added taxes imposed on its goods and services on a net basis.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Loss Per Share

The Company reports loss per share under ASC Topic 260, “Earnings Per Share,” which establishes standards for computing and presenting earnings per share. The basic loss per share calculation divides the net loss allocable to common stockholders by the weighted-average shares of common stock outstanding during the period without considering common stock equivalents. The diluted loss per share calculation is calculated by adjusting the weighted-average shares of common stock outstanding for the dilutive effect of common stock equivalents, including stock options and warrants, outstanding for the period as determined using the treasury stock method. Common stock equivalents are excluded from the diluted net loss per share calculation because their effect would be anti-dilutive. Therefore, basic and diluted net loss per share applicable to common stockholders is the same for periods with a net loss.

The following table illustrates the anti-dilutive potential common stock equivalents excluded from the calculation of loss per share (in thousands):

	For the Years Ended December 31,	
	2022	2021
Anti-dilutive potential common stock equivalents excluded from the calculation of loss per share:		
Stock options	828	1,553
Warrants	9,175	9,210
	<u>10,003</u>	<u>10,763</u>

Foreign Currency and Other Comprehensive (Gains) Losses

We record gains or losses resulting from foreign currency transactions in foreign currency income or loss except for the effect of exchange rates on long-term inter-company transactions that are considered long-term investments that are accumulated and credited or charged to other comprehensive income. We have two foreign subsidiaries, one in the United Kingdom and the other in the Netherlands, and their functional currencies are British Pounds and Euros, respectively. The translation from the respective foreign currency to United States Dollars (“US Dollars”) is performed for balance sheet accounts using current exchange rates at the balance sheet date and for income statement accounts using an average exchange rate for the years ending December 31, 2022, and 2021, respectively. We included gains or losses from such translation as a separate component of accumulated other comprehensive (loss) income.

Transaction gains and losses are recognized in our operations’ results based on the difference between the foreign exchange rates on the transaction date and the reporting date. The foreign currency exchange gains and losses are a component of general and administrative expenses in the accompanying Condensed Consolidated Statements of Operations.

The Company has recognized foreign exchange gains and losses and changes in accumulated comprehensive income approximately as follows:

	For the years ended December 31,	
	2022	2021
Net foreign exchange transactions:		
(Gains) Losses	\$ 24,000	\$ 100,000
Accumulated comprehensive income:		
Unrealized (gains) losses on currency translation adjustment	\$ 1,040,000	\$ 445,000

The exchange rates adopted for the foreign exchange transactions are quoted on OANDA, a Canadian-based foreign exchange company, and an internet website providing currency conversion, online retail foreign exchange trading, foreign currency transfers, and forex information. The Company translated amounts from British Pounds into United States Dollars and Euros to British Pounds at the following exchange rates for the respective periods:

- As of December 31, 2022 – £ 1.208970 to \$1.00; € 1.069850 to \$1.00
- The average exchange rate for the year ended December 31, 2022 – £ 1.236579 to \$1.00; € 1.052082 to \$1.00

- As of December 31, 2021 – £1.351043 to \$1.00; €0.839362 to £1.00
- The average exchange rate for the year ended December 31, 2021 – £1.375369 to \$1.00; €0.850858 to £1.00

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Fair Value of Financial Instruments and Fair Value Measurements

The authoritative guidance for fair value measurements under topic ASC 820, “Fair Value Measurements and Disclosures,” establishes a three-tier fair value hierarchy, prioritizing the inputs used in measuring fair value. These tiers include:

- Level 1 is observable inputs such as quoted prices in active markets.
- Level 2 is defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 is defined as unobservable inputs in which little or no market data exists, requiring an entity to develop its assumptions.

Our financial instruments include cash equivalents, accounts receivable, prepaid expenses and other assets, accounts payable, accrued expenses, and short-term debt. Fair value estimates of these instruments are made at a specific point in time based on relevant market information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. The carrying amount of cash equivalents, accounts receivable, prepaid expenses and other assets, accounts payable, and accrued expenses are generally considered representative of their respective fair values because of the short-term nature of those instruments.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. The new guidance modifies the disclosure requirements on fair value measurements in Topic 820. The amendments in ASU 2018-13 are effective for all entities for fiscal years and interim periods within those fiscal years beginning after December 15, 2019. Effective January 1, 2020, the Company adopted the provisions of ASU 2018-13. The adoption had no material impact on the Company’s consolidated financial statements or related financial statement disclosures.

The following table presents the Company’s assets and liabilities measured at fair value on a non-recurring basis on December 31, 2022, consistent with the fair value hierarchy provisions. The asset impairment is a non-recurring level 3 measurement.

	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<u>Assets (non-recurring):</u>				
Abandonment of right-of-use operating leases	—	—	88,000	88,000
	\$ —	\$ —	\$ 88,000	\$ 88,000
<u>Liabilities:</u>				
Other	\$ —	\$ —	\$ —	\$ —
	\$ —	\$ —	\$ —	\$ —

The Company did not have reportable assets and liabilities under ASC Topic 820 disclosure requirements for the year ended December 31, 2021. See Note 13 for additional disclosure regarding the Company’s warrants liabilities accounted for at fair value.

Redeemable Preferred Stock

In November 2022, the Company’s board of directors approved the designation of a Series A Preferred Stock created for the sole purpose of the January 11, 2023, Special Meeting of stockholders voting on the consideration of a “Reverse Stock Split Proposal.” The Series A Preferred Stock had a par value of \$0.00001 per share. The Preferred Stock was redeemable upon the holder participating at any meeting of stockholders held to vote on the Reverse Stock Split immediately before the opening of the polls at such meeting (the “Initial Redemption Time”) shall automatically be redeemed by the Corporation at the Initial Redemption Time without further action on the part of the Corporation or the holder thereof (the “Initial Redemption”). Any outstanding shares of Series A Preferred Stock that were not redeemed under an Initial Redemption were redeemed in whole, but not in part (i) if such redemption was ordered by the Board of Directors in its sole discretion, automatically and effective on such time and date specified by the Board of Directors in its sole discretion or (ii) automatically upon the approval by the Corporation’s stockholders of the Reverse Stock Split at the Special Meeting held for voting on the Reverse Stock Split proposal.

Under the guidance of ASC Topic 480, all Series A Preferred Stock shares have been presented outside of permanent equity in the mezzanine equity section on the Consolidated Balance Sheets.

VISILINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Subsequent Events

Management has evaluated subsequent events or transactions occurring through the date the consolidated financial statements were issued and determined that no events or transactions are required to be disclosed herein except as disclosed.

Recently Issued Accounting Pronouncements

Recently Issued Accounting Standards Adopted and Not Yet Adopted

Adopted on January 1, 2023

In June 2016, the FASB established Topic 326, Financial Instruments—Credit Losses, Measurement of Credit Losses on Financial Instruments (ASU) No. 2016-13, which requires a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including accounts receivable.

The standard replaces the existing incurred credit loss model with the Current Expected Credit Losses (“CECL”) model. It is required to measure credit losses based on the Company’s estimate of expected losses rather than incurred losses, which generally results in earlier recognition of allowances for credit losses. Under ASC 326, the Company evaluates specific criteria, including aging and historical write-offs, the current economic condition of particular customers, and future economic conditions of countries utilizing a consumption index to determine the appropriate allowance for credit losses. The Company completed its assessment of the new standard, and no adjustment will be made to its opening balance of retained earnings relating to its trade receivables. The Company writes off receivables once it is determined that the receivables are no longer collectible and as allowed by local laws.

Recent Accounting Pronouncements

Other recent accounting standards issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC did not or are not believed by management to have a material impact on the Company’s present or future consolidated financial statements.

NOTE 4 – ACQUISITION OF MOBILE VIEWPOINT CORPORATE B.V.

On August 16, 2021, the Company, through a wholly-owned subsidiary, entered into a stock purchase agreement with Triple I.T. Corporate B.V., a private company incorporated in the Netherlands, under which the Company acquired 100% of the outstanding capital of MVP for an aggregate purchase price of €14,824,278 (or approximately \$17.5 million based on a USD to EUR exchange rate of 0.85 as of August 13, 2021) plus the assumption and payment of €717,785 of intercompany indebtedness, all paid by the Company in cash, subject to certain routine closing adjustments in respect of working capital and net indebtedness (“The Transaction”). The Transaction was closed on August 16, 2021.

The Company accounts for the acquisition under the acquisition method under ASC 805 “Business Combinations,” and we elected not to apply pushdown accounting upon the purchase of MVP. Therefore, we recognized the preliminary historical basis of MVP’s acquired assets and liabilities. We identified any excess of the consideration paid in excess of the net assets acquired in the table below. In addition, we recorded approximately \$1.6 million of preliminary acquisition-related transaction costs (e.g., legal, due diligence, valuation, and other professional fees) not included as a component of consideration transferred but are required to be expensed as incurred and included in our consolidated statement of operations. Future transaction costs are indeterminable as the Company progresses to the finalization of the Transaction.

The Company received a final valuation report from our third-party appraiser regarding allocating the consideration paid in excess of the net assets acquired. Additionally, the Company received an updated list of certain assets and liabilities acquired on August 16, 2021. Under ASC 805, we recorded measurement period adjustments under the previously mentioned revisions.

We have completed integrating MVP into our operations and internal control processes. As we finished this integration, we analyzed, evaluated, and, where necessary, made changes in control and procedures related to the MVP business.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – ACQUISITION OF MOBILE VIEWPOINT CORPORATE B.V. (continued)

The following table summarizes the historical value of the assets and liabilities as of the acquisition date, allocation of the consideration paid in excess of net assets acquired, relative useful lives, and the amortization method of the listed intangible assets.

	As Initially Reported	Measurement Period Adjustments	As Adjusted
Fair value of consideration transferred:			
Cash	\$ 18,311,000	\$ —	\$ 18,311,000
Recognized amounts of identifiable assets acquired and liabilities assumed:			
Cash	\$ 965,000	\$ —	\$ 965,000
Accounts receivable, net	911,000	—	911,000
Inventories, net	2,534,000	1,231,000	3,765,000
Prepaid expenses and other assets	625,000	(112,000)	513,000
Property and equipment, net	149,000	—	149,000
Accounts payable	(507,000)	—	(507,000)
Accrued expenses	(551,000)	—	(551,000)
Customer deposits and deferred revenue	(293,000)	—	(293,000)
Deferred tax liabilities	—	(978,000)	(978,000)
Total identifiable net assets	\$ 3,833,000	\$ 141,000	\$ 3,974,000
Consideration paid	\$ 18,311,000	\$ —	\$ 18,311,000
Total identifiable assets acquired	3,833,000	141,000	3,974,000
Excess of consideration paid over net assets acquired	\$ 14,478,000	\$ (141,000)	\$ 14,337,000
Preliminary allocation of the consideration paid in excess of the net assets acquired:			
Trade name	\$ 730,000	\$ 70,688	\$ 800,688
Proprietary technology	1,850,000	282,749	2,132,749
Customer relationship	3,723,000	(1,508,003)	2,214,997
Goodwill	8,175,000	1,013,566	9,188,856
Total intangible assets acquired	\$ 14,478,000	\$ (141,000)	\$ 14,337,000

As a result of the updated purchase price allocations for the MVP acquisition on August 16, 2021, specific fair value amounts previously estimated were adjusted during the measurement period. These measurement period adjustments resulted from our external valuation specialists' updated valuation reports and appraisals and revisions to internal account classifications. The changes from the final valuation report included an increase of \$1.23 million in inventory, \$0.07 million in the trade name, \$0.28 million in proprietary technology, and \$0.04 million in goodwill, offset by a reduction of \$1.51 million in customer relationships. The revision in internal account classification resulted in a decrease of \$0.11 million in prepaid expenses and other current assets with a reciprocal increase of \$0.11 million in inventory.

In estimating the fair value of the assets and liabilities, the valuation specialist considered three fundamental techniques or approaches to valuing an asset: the Income Approach (present value of future economic benefits for customer lists), the Market Approach (analysis of recent comparable entity asset sales for trade names, and proprietary technology) and the Cost Approach (replacement or reconstruction cost of similar assets of like utility for the step-up in inventory). To ascribe value to the Subject Assets, it was necessary first to determine an appropriate discount rate. The discount rate for the acquired assets was developed using a Weighted Average Cost of Capital ("WACC") methodology. The discount rate applied under WACC was 20%. To perform the process outlined by ASC 805, the valuation specialists defined the buyer's expected rate of return, referred to as the internal rate of return ("IRR," 19.5%), a market participant's rate of return, which is WACC; and the rates of returns for the identified assets: working capital (20.3%), intangible assets (21.0%), and goodwill (23.0%).

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – ACQUISITION OF MOBILE VIEWPOINT CORPORATE B.V. (continued)

Intangible assets acquired:

The Purchaser acquired intangible assets from MVP as a result of the Transaction. The Tradename, Proprietary Technology, and Customer Relationships are intangible assets noted to have a finite life, while Goodwill has an indefinite life span. The finite life intangible assets will be amortized using the straight-line method of the respective lives of each asset, while the indefinite life intangible assets will not be amortized.

Based thereon, below are the acquired intangibles with their relative useful lives and method of amortization:

Intangible Asset	Useful Life	Amortization Method
Tradename	15 Years	Straight-line
Proprietary Technology	5 Years	Straight-line
Customer Relationships	10 Years	Straight-line
Goodwill	Indefinite	N/A

The following presents the unaudited Pro-forma combined results of operations of Vislink with MVP as if the combination of the entities occurred on January 1, 2021.

	Year Ending December 31, 2021
Revenues, net	\$ 36,843
Net loss allocable to common stockholders	\$ (16,173)
Net loss per share	\$ (0.37)
Weighted average number of shares outstanding	43,484

The revenue and earnings of MVP since the acquisition date included in the consolidated statements of operations and comprehensive loss amount to approximately \$2.3 million for the year ending December 31, 2021.

NOTE 5 — ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	December 31, 2022	December 31, 2021
Accounts receivable	\$ 6,680,000	\$ 10,327,000
Allowance for doubtful accounts	(673,000)	(1,258,000)
Net accounts receivable	\$ 6,007,000	\$ 9,069,000

During the years ended December 31, 2022, and 2021, the Company incurred bad debt expenses of \$21,000 and \$233,000, respectively. Additionally, for the years ended December 31, 2022, and 2021, the Company experienced bad debt recoveries of \$517,000 and \$310,000, respectively.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 — INVENTORIES

Inventories included in the accompanying consolidated balance sheet are stated at the lower of cost or market as summarized below:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials	\$ 12,038,000	\$ 11,308,000
Work-in-process	1,474,000	2,105,000
Finished goods	4,460,000	5,011,000
Sub-total inventories	<u>17,972,000</u>	<u>18,424,000</u>
Less reserve for slow-moving and excess inventory	(5,951,000)	(6,530,000)
Total inventories, net	<u>\$ 12,021,000</u>	<u>\$ 11,894,000</u>

Inventory valuation adjustments consist primarily of written-off items due to obsolescence or reserved for slow-moving or excess inventory. The Company recorded inventory valuation adjustments of \$1,143,000 and \$843,000 as of December 31, 2022, and 2021. Additionally, under the Company's product rationalization program, management eliminated specific product lines impairing \$1,787,000 and \$-0- of inventory as of December 31, 2022, and 2021, respectively.

NOTE 7 — PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>Useful Life</u> <u>(Years)</u>	<u>December 31,</u> <u>2022</u>	<u>2021</u>
Cost:			
Furniture and fixtures	1 - 10	\$ 308,000	\$ 282,000
Leasehold improvements (a)	1 - 14	443,000	439,000
Computers, software, and equipment	1 - 11	<u>3,016,000</u>	<u>2,813,000</u>
		3,767,000	3,534,000
Accumulated depreciation		(2,333,000)	(2,361,000)
Property and equipment, net		<u>\$ 1,434,000</u>	<u>\$ 1,173,000</u>

Depreciation of property and equipment amounted to \$201,000 and \$195,000 for the years ended December 31, 2022, and 2021, respectively. Additionally, the Company removed \$228,000 of fully depreciation leasehold improvement from its records.

(a) The shorter economic life or remaining lease term.

NOTE 8 — GOODWILL

Goodwill represents the excess cost of an acquired business over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed in a business combination (see Note 4). Under ASC 350, the Company chose to assess qualitative factors first to determine whether performing the first step of the two-step goodwill impairment test is necessary. The Company assessed qualitative factors to determine if it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. In other words, it was not required to calculate the fair value of a reporting unit. As part of the MVP acquisition on August 16, 2021, we engaged a valuation analyst to estimate the fair value of specific assets acquired by performing appropriate valuations procedures. The valuation analyst expressed the results of the valuation engagement in a report in the late fourth quarter of 2021. As a result of the acquisition, the report concluded that the amount paid in excess of the net asset acquired relates to finite intangible assets, with a remaining amount allocated to goodwill.

Under ASC 350, "Goodwill and other," we completed our annual goodwill impairment test on December 31, 2021; we elected to perform a quantitative assessment to determine if it was more likely than not (that is, a likelihood of more than 50 percent) that the fair value of our reporting unit was less than its carrying value as of the test date. Our assessment recognized a decline in our market capitalization due to unfavorable changes in the market and the rise in inflation as "triggering event" conditions increasing the risk of impairment.

Based on the quantitative assessment, we concluded that the carrying amount of our reporting unit exceeded the fair value. As a result, we recorded \$9,189,000 in goodwill impairment charges on the consolidated operations statements and comprehensive loss for the year ended December 31, 2021. The Company did not recognize goodwill during the year ended December 31, 2022.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 — GOODWILL (continued)

The following table illustrates goodwill for the years ended December 31, 2022, and 2021:

	12/31/22	12/31/21
Beginning balance	\$ —	\$ —
Additions	—	8,211,000
Deferred tax liabilities associated with MVP acquisition	—	978,000
Impairments	—	(9,189,000)
Ending balance	\$ -0-	\$ -0-

NOTE 9 — INTANGIBLE ASSETS

The Company continuously monitors operating results, events, and circumstances that may indicate potential impairment of intangible assets. Management concluded that no triggering events occurred during the year ended December 31, 2022.

The following table illustrates finite intangible assets as of December 31, 2022, and 2021:

	<u>Proprietary Technology</u>		<u>Patents and Licenses</u>		<u>Trade Names & Technology</u>		<u>Customer Relationships</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Balance, December 31, 2020	\$ —	—	\$12,378,000	\$ (11,175,000)	\$1,450,000	\$ (914,000)	\$2,880,000	\$ (2,698,000)	\$ 1,921,000
Additions	2,132,000	—	—	—	801,000	—	2,215,000	—	5,148,000
Amortization	—	(223,000)	—	(668,000)	—	(138,000)	—	(119,000)	(1,148,000)
Balance, December 31, 2021	2,132,000	(223,000)	12,378,000	(11,843,000)	2,251,000	(1,052,000)	5,095,000	(2,817,000)	5,921,000
Amortization	—	(592,000)	—	(535,000)	—	(137,000)	—	(257,000)	(1,521,000)
Balance, December 31, 2022	\$2,132,000	\$ (815,000)	\$12,378,000	\$ (12,378,000)	\$2,251,000	\$ (1,189,000)	\$5,095,000	\$ (3,074,000)	\$ 4,400,000

Proprietary Technology:

The Company amortizes proprietary technology over their useful lives of 3 to 5 years. The proprietary technology consists of wireless multiplex transmitters, and artificial intelligence developed and used by MVP internally to produce and sell products or services to the end-user or customer.

Patents and Licenses:

The Company amortizes filed patents and licenses over their useful lives, ranging from 18.5 to 20 years. The amortization of the costs incurred by processing provisional patents and pending applications begins after successful review and filing.

Trade Name, Technology, and Customer Relationships:

The Company amortizes these other intangible assets over their estimated useful lives of 3 to 15 years. Prior acquisitions of the Company's subsidiaries, IMT, Vislink, and MVP, created these intangible assets of trade names, technology, and customer lists.

The Company has recognized net capitalized intangible costs as follows:

	December 31, 2022	December 31, 2021
Proprietary Technology	\$ 1,319,000	\$ 1,910,000
Patents and Licenses	—	535,000
Trade Names and Technology	1,060,000	1,198,000
Customer Relationships	2,021,000	2,278,000
	\$ 4,400,000	\$ 5,921,000

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 — INTANGIBLE ASSETS (continued)

The Company has recognized the amortization of intangible assets as follows:

	For the years ended December 31,	
	2022	2021
Proprietary Technology	\$ 592,000	\$ 223,000
Patents and Licenses	535,000	668,000
Trade Names and Technology	137,000	138,000
Customer Relationships	257,000	119,000
	\$ 1,521,000	\$ 1,148,000

The weighted average remaining life of the amortization of the Company's intangible assets is approximately 5.3 years. The following table represents the estimated amortization expense for total intangible assets for the succeeding five years:

Period ending December 31,	
2023	\$ 645,000
2024	645,000
2025	645,000
2026	556,000
2027	539,000
Thereafter	1,370,000
	\$ 4,400,000

NOTE 10 — ACCRUED EXPENSES

Accrued expenses consist of the following:

	December 31, 2022	December 31, 2021
Compensation	\$ 246,000	\$ 2,069,000
Commissions	47,000	29,000
Warranty	112,000	130,000
Rent	—	185,000
Accrued expenses other	908,000	687,000
Deferred Equity	255,000	55,000
	\$ 1,568,000	\$ 3,155,000

NOTE 11 — NOTES PAYABLE

The table below represents the Company's notes payable as of December 31, 2022, and 2021:

	Principal	
	12/31/22	12/31/21
On April 5, 2021, the Company renewed its D & O insurance policy and increased the premium to approximately \$1,098,000, less a down payment of \$225,000, financing the remaining balance of approximately \$872,000. The loan's terms are nine months at a 5.25% annual interest rate and a monthly principal and interest payment of approximately \$99,000. As of March 31, 2022, the loan is paid in full. The Company recorded interest expense of \$0- and \$19,000 for the years ended December 31, 2022, and 2021, respectively.	\$ —	\$ 99,000
On April 5, 2022, the Company renewed its D & O insurance policy, decreasing the premium to approximately \$1,037,000, less a down payment of \$194,000, financing the	84,000	—

remaining balance of approximately \$943,000. The loan's terms are nine months at a 2.09% annual interest rate and a monthly principal and interest payment of approximately \$84,000. The Company recorded interest expense of \$6,000 and \$-0- for the years ended December 31, 2022, and 2021, respectively.

\$	<u>84,000</u>	\$	<u>99,000</u>
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VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 — LEASES

The Company's leasing arrangements include office space, deployment sites, and storage warehouses, both domestically and internationally. The operating leases contain various terms and provisions, with lease terms of approximately one to four years remaining as of December 31, 2022. Certain individual leases contain rent escalation clauses and lease concessions that require additional rental payments later in the term. We recognize rent expense for these contracts straight-line over the minimum lease term.

On December 31, 2022, the Company recorded approximately \$1.1 million of ROU assets net of \$1.2 million accumulated amortization on the balance sheet. Additionally, the Company recorded relatively \$1.6 million of operating lease liabilities, of which \$0.5 million is current and \$1.1 million is non-current, as reported on the balance sheet. The weighted-average remaining term for lease contracts was 3.4 years on December 31, 2022, with maturity dates from July 2023 to January 2027 and a weighted-average discount rate of 9.4% on December 31, 2022.

Adjustments for straight-line rental expense for the respective periods was not material. Most costs recognized are reflected in cash used in operating activities for the respective periods. This expense consisted primarily of payments for base rent on office and warehouse leases. Amounts related to short-term lease costs, taxes, and variable service charges on leased properties were immaterial. Besides, we have the right to renew individual leases for various renewal terms but no obligation.

The following represents lease activity for the year ending December 31, 2022:

Lutton, UK

On April 28, 2022, the Company entered a one-year lease for 600 square feet of administrative office space in Lutton, UK, commencing on May 3, 2022, and terminating on May 31, 2023, for £1,320 monthly or approximately \$1,800 per month.

Dubai, UAE

The Company renewed its lease for 976 square feet of administrative office space commencing on July 3, 2022, and terminating on July 2, 2023, in Dubai Studio City, UAE, for AED 5,995 or approximately US\$ 1,632 monthly.

Billerica, MA

During the third quarter of the fiscal year 2022, management vacated the Billerica property. The economic environment of this location precluded the action of sub-letting an unoccupied site and determined the leased facility abandoned. Under ASC 360, leased space abandonment is an impairment indicator, and the Company assessed the lease ROU assets for impairment, and we recognized a loss on impairment of right-of-use assets of approximately \$88,000.

The following represents lease activity for the year ending December 31, 2021:

Lutton, UK

On February 1, 2021, the Company entered into a one-year lease for 600 square feet of administrative office space in Lutton, UK, commencing on February 1, 2021, and terminating on January 31, 2022, for £1,674 or approximately \$2,290 monthly.

Dubai, UAE

On May 24, 2021, the Company renewed its lease for office space commencing on July 3, 2021, and terminating on July 2, 2022, for 976 square feet of administrative office space in Dubai Studio City, UAE, for AED 5,995 or approximately \$1,620 monthly.

Mount Olive, NJ

On November 1, 2021, the Company entered into a lease agreement with a non-affiliated third party (the "Landlord") to rent approximately 7,979 square feet of commercial space for general business offices, light manufacturing, operating of a testing laboratory, assembly, and inventory storage in Mount Olive, NJ. The lease commencement date is November 1, 2021, and the expiration date is January 31, 2027. The initial monthly obligation is \$10,869, with annual rent increases of 3.0% per year until the lease expiration date. The Company is relocating its corporate facilities from Hackettstown, NJ, to Mount Olive, NJ, with the projected completion date by March 2022, as part of the strategic initiative plan implemented in early 2020. The Company recognized approximately \$522,000 of Right of Use Assets and Operating lease obligations for the new lease under ASC Topic 842.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 — LEASES (continued)

The following table illustrates operating lease data for the years ended December 31, 2022, and 2021:

	For the years ended December 31,	
	2022	2021
Lease cost:		
Operating lease cost	\$ 438,000	\$ 472,000
Short-term lease cost	93,000	417,000
Total lease cost	<u>\$ 531,000</u>	<u>\$ 889,000</u>
Cash paid for lease liabilities:		
Cash flows from operating leases	<u>\$ 543,000</u>	<u>\$ 635,000</u>
Weighted-average remaining lease term—operating leases	3.4 years	3.8 years
Weighted-average discount rate—operating leases	9.4%	9.3%

Maturities of our operating lease liabilities were as follows as of December 31, 2022:

	Amount
2023	\$ 589,000
2024	455,000
2025	443,000
2026	249,000
2027	59,000
Thereafter	—
Total lease payments	<u>1,795,000</u>
Less: imputed interest	<u>233,000</u>
Present value of lease liabilities	<u>1,562,000</u>
Less: Current lease liabilities	<u>455,000</u>
Non-current lease liabilities	<u>\$ 1,107,000</u>

The table below lists the location and lease expiration date from 2023 through 2027:

Location	Square Footage	Lease-End Date	Approximate Future Payments
Colchester, U.K. — Waterside House	16,000	Dec 2025	\$ 639,000
Singapore	950	July 2023	19,000
Billerica, MA	2,000	Dec 2026	416,000
Hemel, UK	12,870	Oct 2023	123,000
Mount Olive, NJ	7,979	Jan 2027	598,000

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 — DERIVATIVE LIABILITIES

Under the guidance of ASC 815, Accounting for Derivative Instruments and Hedging Activities, the Company identified common stock warrants in various offerings containing a net cash settlement provision whereby, upon certain fundamental events, the holders could put these warrants back to the Company for cash. We identified and classified the following transactions as derivative liabilities: warrants issued with the May 2016 financing, the July 2016 financing, the August 2017 underwritten offering, and the May 2018 Financing.

The Company records derivative liabilities on its consolidated balance sheet at their fair value on the issuance date. The Company revalues the derivative liabilities on each subsequent balance sheet until exercised or expired, with any changes in the fair value between reporting periods recorded as other income or expense. The Company uses option pricing models and assumptions based on the instruments' characteristics on the valuation date. We use assumptions for future financings, expected volatility, expected life, yield, and risk-free interest rate to estimate fair value.

The following are the key assumptions used in connection with the valuation of the warrants exercisable into common stock on December 31, 2022, and 2021:

	For the Years Ended December 31,	
	2022	2021
Number of shares underlying the warrants	55,333	66,341
The fair market value of stock	\$ 0.56	\$ 1.18
Exercise price	\$ 0.00 to \$ 60.00	\$ 60.00 to \$ 150.00
Volatility	0% to 64%	97% to 101%
Risk-free interest rate	0% to 4.54%	0.19% to 0.39%
Expected dividend yield	—	—
Warrant life (years)	0.0 to 0.4	0.6 to 1.4

Level 3 liabilities are valued using unobservable inputs to the valuation methodology significant in measuring the liabilities' fair value. For fair value measurements categorized within Level 3 of the fair value hierarchy, the Company's accounting and finance department, subject to the approval of the Chief Financial Officer, determines the applicable valuation policies and procedures.

Level 3 Valuation Techniques:

Level 3 financial liabilities consist of the derivative liabilities for which there is no current market for these securities, such that determining fair value requires significant judgment or estimation. Changes in fair value measurements categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate. The Company deems financial instruments that do not have fixed settlement provisions as derivative instruments. Under US GAAP, the fair value of these warrants is classified as a liability on the Company's consolidated balance sheets because, according to the terms of the warrants, a fundamental transaction could give rise to an obligation of the Company to pay cash to its warrant holders. Such instruments do not have fixed settlement provisions and have also been recorded as derivative liabilities. Corresponding changes in the fair value of the derivative liabilities are recognized in earnings on the Company's consolidated operations statements in each subsequent period. The Company uses a binomial model style simulation to calculate fair value, as the standard Black-Scholes model would not capture the value of certain features of the warrant derivative liabilities.

The following table sets forth a summary of the changes in the fair value of Level 3 financial liabilities that are measured at fair value on a recurring basis:

	For the years ended December 31	
	2022	2021
Beginning balance	\$ —	\$ 22,000
Change in fair value of derivative liabilities	—	(22,000)
Ending balance	\$ —	\$ —

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 — PREFERRED SHARES

Preferred Stock

In March 2013, the issuance of 10.0 million shares of “Blank Check” preferred stock with a par value of \$0.00001 per share received approval from the majority of stockholders.

The following shares were designated as authorized:

- Three million shares of Series A Convertible Preferred Stock (“Series A Preferred Stock”) on December 31, 2014.
- Three million shares of Series B Convertible Preferred Stock (“Series B Preferred Stock”) on February 11, 2015.
- Three million shares of Series C Convertible Preferred Stock (“Series C Preferred Stock”) on February 24, 2015.

On February 5, 2016, the Company terminated the Series A Preferred Stock and Series C Preferred Stock and increased the number of designated shares of Series B Preferred Stock to 5,000,000. The following shares were designated as authorized: Five million shares of Series D Convertible Preferred Stock (“Series D Preferred Stock”) on April 25, 2016. On December 6, 2016, the Company terminated the Series B Preferred Stock. The following shares were designated as authorized: Five thousand shares of Series E Convertible Preferred Stock (“Series E Preferred Stock”) on December 21, 2016. On November 9, 2022, the Company’s Board of Directors (i) terminated the Series D Preferred Stock and Series E Preferred Stock and (ii) designated the following shares as authorized: 47,500 shares of new Series A Preferred Stock.

Series A Preferred Stock

On November 9, 2022, the Company’s board of directors declared a dividend of one one-thousandth of a share of Series A Preferred Stock, par value \$0.00001 per share (“Series A Preferred Stock”), for each outstanding share of the Company’s common stock, to stockholders of record on November 21, 2022.

Each share of Series A Preferred Stock entitled the holder to 1,000,000 votes per share, and each fraction of a share had a ratable number of votes. Thus, each one-thousandth share of Series A Preferred Stock was entitled to 1,000 votes. The outstanding shares of Series A Preferred Stock voted together with the outstanding shares of the Company’s common stock as a single class exclusively concerning the proposal to adopt an amendment to the Company’s Certificate of Incorporation, as amended, to reclassify the outstanding shares of the Company’s Common Stock into a smaller number of shares of common stock at a ratio specified in or determined under the terms of such amendment (the “Reverse Stock Split”). The Series A Preferred Stock was not entitled to vote on any other matter except to the extent required under the Delaware General Corporation Law.

The holders of Series A Preferred Stock were not entitled to receive dividends.

On January 11, 2023, the Company held a special meeting of stockholders (the “Special Meeting”) whereby stockholders voted on a proposal to authorize the Board, at its discretion, to effect the Reverse Stock Split. All shares of Series A Preferred Stock that were not present in person or by proxy at the Special Meeting held to vote on the Reverse Stock Split immediately before the opening of the polls at such meeting (the “Initial Redemption Time”) were automatically redeemed in whole, but not in part, by the Company at the Initial Redemption Time without further action on the part of the Company or the holder of shares of Series A Preferred Stock (the “Initial Redemption”). Any outstanding shares of Series A Preferred Stock that were not redeemed according to an Initial Redemption were redeemed in whole but not in part (i) if the Board ordered such redemption in its sole discretion, automatically and effective on such time and date specified by the Board in its sole discretion or (ii) automatically upon the approval by the Company’s stockholders of the Reverse Stock Split at the Special Meeting held for the purpose of voting on a such proposal (“the Subsequent Redemption”).

Each share of Series A Preferred Stock redeemed in any redemption described above was redeemed in consideration for the right to receive an amount equal to \$0.00001 in cash for each ten (10) whole shares of Series A Preferred Stock that were “beneficially owned” by the “beneficial owner” (as such terms are defined in the certificate of designation concerning the Series A Preferred Stock) thereof as of the applicable redemption time and redeemed under such redemption, payable upon receipt by the Company of a written request submitted by the relevant holder to the corporate secretary of the Company following the applicable redemption time.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 — PREFERRED SHARES (continued)

Series A Preferred Stock (continued)

The Series A Preferred Stock was not convertible into, or exchangeable for, shares of any other class, series of stock, or other securities of the Company. The Series A Preferred Stock had no stated maturity and is not subject to any sinking fund. The Series A Preferred Stock was not restricted to the Company's redemption or repurchase of shares while there is any arrearage in the payment of dividends or sinking fund installments. The Certificate of Designation was filed with the Delaware Secretary of State and became effective on November 9, 2022.

The Company was not solely in control of the redemption of the shares of Series A Preferred Stock since the holders had the option of deciding whether to vote in respect of the above-described Reverse Stock Split, which determined whether a given holder's shares of Series A Preferred Stock were redeemed in the Initial Redemption or the Subsequent Redemption. Since the redemption of the Series A Preferred Stock was not solely in the control of the Company, the shares of Series A Preferred Stock were classified within mezzanine equity in the Company's audited consolidated balance sheet. The shares of Series A Preferred Stock were measured at redemption value. The value of Series A Preferred Stock shares as of December 31, 2022, was de minimis.

Certificate of Elimination

On April 25, 2016, the Company filed a Certificate of Designation with the Secretary of State of the State of Delaware, designating 5,000,000 shares out of the Company's authorized but unissued shares of its preferred stock as Series D Convertible Preferred Stock, par value \$0.00001 per share.

On December 21, 2016, the Company filed a Certificate of Designation with the Secretary of State of the State of Delaware, designating 5,000 shares out of the Company's authorized but unissued shares of its preferred stock as Series E Convertible Preferred Stock, par value \$0.00001 per share.

On November 9, 2022, the Company filed Certificates of Elimination for each of the Series D Preferred Stock and Series E Preferred Stock with the Secretary of State of the State of Delaware, which, effective upon filing, eliminated all matters outlined in the Certificates of Designation of Series D Preferred Stock and Series E Preferred Stock previously filed by the Company. According to the Certificates of Elimination, the shares that were previously designated as Series D Preferred Stock and Series E Preferred Stock resume the status of authorized but unissued shares of preferred stock, par value \$0.00001 per share, of the Company, issuable from time to time, in one or more series, under the Certificate of Incorporation.

On March 24, 2023, the Company filed a certificate of elimination (the "Certificate of Elimination") with the Secretary of State of the State of Delaware for the Series A Preferred Stock. The Certificate of Elimination (i) eliminated the previous designation of 47,500 shares of Series A Preferred Stock from the Company's Certificate of Incorporation, as amended, none of which were outstanding at the time of the filing of such Certificate of Elimination, and (ii) caused such shares of Series A Preferred Stock to resume their status as authorized but unissued and non-designated shares of preferred stock of the Company.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 — STOCKHOLDERS' EQUITY

Common Stock

The Company is authorized to issue up to 100,000,000 shares of Common Stock, \$0.00001 par value per share. As of December 31, 2022, and 2021, the Company had 47,419,317 and 45,825,089 shares issued, and 47,416,658 and 45,822,430 shares outstanding, respectively.

Common Stock Issuances

For the year ending December 31, 2022

- Issued 357,778 shares of common stock as payment of the minimum withholding tax obligation due upon the vesting of shares restricted stock units.
- Issued 1,159,044 shares of common stock, net of 357,778 shares attributable to withholding tax, upon the exercise of restricted stock units under the Company's various stock compensation plans.
- Under the terms of an \$80,000 consulting agreement: on May 4, 2022, issued 38,703 shares of common stock were valued at \$0.81 per share on the issuance date with a total value of \$31,349 in satisfaction of \$40,000. The value of the common stock issued was based on the fair value of the stock at the time of the issuance. On July 19, 2022, 38,703 shares of common stock were valued at \$0.59 per share on the issuance date, with a total value of \$22,835 in satisfaction of the remaining balance of \$40,000. The Company recognized a total gain on debt settlement of \$25,816.

Other stockholders' equity transactions

- Recognized approximately \$1,565,000 of stock-based compensation costs associated with outstanding stock options recorded in general and administrative expenses offsetting additional paid-in capital.

For the year ending December 31, 2021

February 2021 Financing

The Company issued 18,181,820 shares of common stock, supplemented by 9,090,910 five-year warrants with an exercise price of \$3.25 per share exercisable for one share of common stock. The Company has earmarked the net proceeds from equity financing for working capital and general corporate purposes. Specifically, on February 8, 2021, the Company closed on equity financing and received gross proceeds of approximately \$50,000,000, less offering costs of \$3,180,000 for net proceeds of \$46,820,000.

Other Stockholders' Equity Transactions

During the year ended December 31, 2021, the Company:

- Issued 6,163,198 shares of common stock and received gross proceeds of approximately \$13,000,000, less offering costs of \$400,000 for net proceeds of \$12,600,000 under the Company's shelf registration filed on May 5, 2020.
- Issued 3,811 shares of common stock upon warrant holders exercising 3,811 common stock warrants, receiving approximately \$3,500 in net proceeds.
- Issued 6,250 shares of common stock upon warrant holders exercising 6,250 cashless public common stock warrants.
- Issued 30,000 three-year common stock warrants with an exercise price of \$3.41 per share exercisable for one share each of common stock in satisfaction of a settlement agreement. We computed the value of approximately \$74,000 under the Cox-Rubenstein binomial lattice valuation model method. The Company used the following assumptions in connection with the warrants' valuation: fair market value of the stock of \$3.05, the exercise price of \$3.41, volatility of 153.96%, risk-free interest rate of 0.08%, expected dividend yield of -0-, and the warrant life of 3 years.
- Issued 87,720 shares of common stock to specific board members under a commitment agreement valued at \$200,000. The value of the common stock was determined on the original date of the agreement.
- Recognized approximately \$3,860,000 of stock-based compensation costs associated with outstanding stock options and restricted stock units recorded in general and administrative expenses with the offset to additional paid-in capital.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 — STOCKHOLDERS' EQUITY (continued)

Common Stock Warrants

During the year ended December 31, 2022, 34,885 warrants expired. As of December 31, 2022, these outstanding warrants contained no intrinsic value. The weighted average exercise price of warrants outstanding on December 31, 2022, is \$3.60, with a weighted average remaining contractual life of 3.1 years.

The following tables set forth common stock purchase warrants outstanding as of December 31, 2022:

	Number of Warrants (in shares)	Weighted Average Exercise Price
Outstanding, December 31, 2020	222,360	\$ 89.60
Warrants granted	9,120,910	3.30
Warrants exercised	(10,063)	(1.20)
Warrants canceled/expired	(123,396)	(98.30)
Outstanding, December 31, 2021	9,209,811	4.10
Warrants expired	(34,885)	(131.20)
Outstanding and exercisable, December 31, 2022	9,174,926	\$ 3.60

Common stock issuable upon exercise of warrants outstanding and exercisable						
For the year ending December 31, 2022				For the year ending December 31, 2021		
Range of Exercise Prices	Warrants Outstanding and Exercisable (in shares)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Warrants Outstanding and Exercisable (in shares)	Weighted Average Remaining Exercisable Contractual Life (years)	Weighted Average Exercise Price
\$ 3.25	9,090,910	3.11 yrs	\$ 3.30	9,090,910	4.11 yrs	\$ 3.30
\$ 3.41	30,000	1.18 yrs	\$ 3.50	30,000	2.18 yrs	\$ 3.50
\$ 30.000	683	1.54 yrs	\$ 30.00	683	2.54 yrs	\$ 30.00
\$ 60.000	53,333	0.41 yrs	\$ 60.00	53,333	1.41 yrs	\$ 60.00
\$ 120.000	—	—	\$ —	21,877	0.12 yrs	\$ 120.00
\$ 150.000	—	—	\$ —	13,008	0.63 yrs	\$ 150.00
	9,174,926	3.10 yrs	\$ 3.60	9,209,811	4.08 yrs	\$ 4.10

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 — STOCK-BASED COMPENSATION

Equity Incentive Plans:

The Company's stock option plans provide options to purchase shares of common stock to officers, directors, other key employees, and consultants. The purchase price may be paid in cash or "net settled" in the Company's common stock shares. In a net settlement of an option, the Company does not require payment of the exercise price from the holder but reduces the number of shares of common stock issued upon the exercise of the stock option by the smallest amount of whole shares that have an aggregate fair market value equal to or over the aggregate exercise price for the option shares covered by the option exercised. Options generally vest over three years from the grant date and expire ten years from the grant date.

The Company has four plans under which they awarded share-based compensation grants of options to individual directors, employees, and advisors of the Company: the 2013 Stock Option Plan, the 2015 Incentive Compensation Plan, the 2016 Incentive Compensation Plan, and the 2017 Incentive Compensation Plan.

Effective April 30, 2018, the Board of Directors, by unanimous written consent, approved the immediate vesting of all remaining options for terminated employees as part of the cost curtailment measures on April 30, 2018, and June 25, 2018.

On December 31, 2020, the board of directors of the Company approved an amendment (the "Amendment") to the Company's 2013 Long-Term Stock Incentive Plan (the "Plan"), effective January 1, 2021. The Amendment removed a provision that no participant may receive more than 25% of the total shares awarded in any year under the Plan and incorporated specific immaterial clarifying changes.

The following table illustrates various plan data under the amended Long-Term Stock Incentive Plan (the "Plan"):

	For the years ended December 31,	
	2022	2021
Stock-based compensation expense	\$ 1,000	\$ 27,000
Remaining expense of stock-based compensation	\$ —	\$ 1,000
Remaining amortization period	0.0 years	0.3 years
Weighted average remaining contractual life — options outstanding and exercisable	4.5 years	5.5 years
Intrinsic value per share	\$ —	\$ —
Range of exercise prices	\$ 6.96 to \$97.20	\$ 6.96 to \$1,173.60
Quantity:		
Beginning balance-January 1 st , outstanding options	49,925	56,399
Stock options forfeited	(4,916)	(6,474)
Ending balance-December 31 st , outstanding options	45,009	49,925
Ending balance-December 31 st , exercisable options	45,009	48,703
Weighted Averages:		
Beginning balance-January 1 st , outstanding options	\$ 88.04	\$ 89.79
Stock options forfeited	\$ (96.70)	\$ (84.13)
Ending balance-December 31 st , outstanding options	\$ 87.80	\$ 88.04

Ending balance-December 31 st , exercisable options	\$ 87.80	\$ 89.80
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VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 — STOCK-BASED COMPENSATION (continued)

Time-vested stock options:

In connection with their employment agreement(s), the Company granted the following ten-year, non-statutory time-vested option inducement awards under the NASDAQ Listing Rule 5653(c)(4) outside of the Company's existing equity compensation plans (all subject to continued employment):

Recipient	Date of Grant	Options Granted	Exercise Price	Vesting Commencement Date	Expiration Date	25% Vesting	75% Remaining Vesting
• Carleton M. Miller — CEO	1/22/20	359,247	\$ 1.71	1/22/20	1/22/30	1/22/21	36 equal monthly payments
• Michael Bond — CFO	2/27/20	135,168	\$ 0.96	4/1/20	4/1/30	4/1/21	36 equal monthly payments

In determining the time-vested options award's grant-date fair value, the following assumptions were used:

	Expected term (years)	Expected dividend yield	Risk-free interest rate	Volatility	Exercise Price
• Carleton M. Miller — CEO	6.5	—	1.57%	153.0%	\$ 1.71
• Michael Bond — CFO	6.3	—	0.62%	155.0%	\$ 0.96

Note: no time-vested option awards were granted during the year ended December 31, 2022.

The following table illustrates various plan data under time-based stock option awards:

	For the years ended December 31,	
	2022	2021
Stock-based compensation expense	\$ 179,000	\$ 113,000
Remaining expense of stock-based compensation	\$ 319,000	\$ 498,000
Remaining amortization period	1.1 years	2.1 years
Weighted average remaining contractual life — options outstanding and exercisable	7.1 years	8.1 years
Intrinsic value per share	\$ —	\$.38
Range of exercise prices	\$0.96 to \$1.71	\$0.96 to \$1.71
Quantity:		
Beginning balance-January 1 st , outstanding	494,415	494,415
Granted, canceled, expired	—	—
Ending balance-December 31 st , outstanding	494,415	494,415
Ending balance-December 31 st , exercisable	360,515	236,915
Weighted Averages:		

Beginning balance-January 1 st , outstanding	\$ 1.01	\$ 1.24
Granted, canceled, expired	\$ —	\$ —
Ending balance-December 31 st , outstanding	\$ 0.60	\$ 1.01
Ending balance-December 31 st , exercisable	\$ 0.80	\$ 0.48

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 — STOCK-BASED COMPENSATION (continued)

Performance-based stock options:

In connection with their employment agreement, the Company granted the following ten-year, non-statutory performance-based stock option inducement award under the NASDAQ Listing Rule 5653(c)(4) outside of the Company's existing equity compensation plans that will vest in three equal tranches upon attainment of applicable performance conditions for each tranche (all subject to continued employment):

<u>Recipient</u>	<u>Date of Grant</u>	<u>Options Granted</u>	<u>Exercise Price</u>	<u>Options Vesting Dates</u>		<u>Options Vesting Schedule</u>		
				<u>Commencement</u>	<u>Expiration</u>	<u>Tranche 1</u>	<u>Tranche 2</u>	<u>Tranche 3</u>
Carleton M. Miller — CEO	1/22/20	250,000	\$ 1.71	1/22/20	1/22/30	*83,334	**83,333	***83,333

Applicable performance conditions:

*Shares will vest upon the Company's attainment, on or before the fifth (5th) anniversary of the Vesting Commencement Date, of Cumulative EBITDA of more than \$6,000,000 accumulated over four consecutive fiscal quarters.

**Shares will vest upon the Company's attainment, on or before the fifth (5th) anniversary of the Vesting Commencement Date, of Cumulative EBITDA of more than \$15,000,000 accumulated over four consecutive fiscal quarters.

***Shares will vest upon the Company's attainment, on or before the fifth (5th) anniversary of the Vesting Commencement Date, of Cumulative EBITDA of more than \$23,000,000 accumulated over four consecutive fiscal quarters.

In determining the time-vested options award's grant-date fair value, the following assumptions were used:

	<u>Expected term (years)</u>	<u>Expected dividend yield</u>	<u>Risk-free interest rate</u>	<u>Volatility</u>	<u>Exercise Price</u>
For the year ended December 31, 2020:					
• Carleton M. Miller — CEO	6.5	—	1.57%	153.0%	\$ 1.71

Note: no time-vested option awards were granted during the year ended December 31, 2022

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 — STOCK-BASED COMPENSATION (continued)

Performance-based stock options (continued):

The following table illustrates various plan data under performance-based stock option awards:

	For the years ended December 31,	
	2022	2021
Stock-based compensation expense	\$ —	\$ —
Remaining expense of stock-based compensation	\$ 414,000	\$ 414,000
Remaining amortization period	2.1 years	3.1 years
Weighted average remaining contractual life – options outstanding and exercisable	7.1 years	8.1 years
Intrinsic value per share	\$ —	\$ —
Range of exercise prices	\$ 1.71	\$ 1.71
Quantity:		
Beginning balance-January 1 st , outstanding	250,000	250,000
Granted, canceled, expired	—	—
Ending balance-December 31 st , outstanding	250,000	250,000
Ending balance-December 31 st , exercisable	—	—
Weighted Averages:		
Beginning balance-January 1 st , outstanding	\$ 1.65	\$ 1.65
Granted, canceled, expired	\$ —	\$ —
Ending balance-December 31 st , outstanding	\$ 1.65	\$ 1.65
Ending balance-December 31 st , exercisable	\$ —	\$ —

The probability of achieving any required metrics for vesting is inconclusive, and no options are exercisable as of December 31, 2022. When the Company determines that the remaining performance metrics' achievement becomes probable, the Company will record a cumulative catch-up stock-based compensation amount. We will record any unrecognized costs over the remaining requisite service period of the awards.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 — STOCK-BASED COMPENSATION (continued)

Restricted Stock Units

Restricted stock awards — time-based:

The Company granted the following awards under the amended Plan for restricted stock units ("RSUs") subject to continued employment:

Recipient	Grant		Exercise Price	Initial RSUs Vesting		Remaining RSUs Vesting	
	Date	Units		Date	Units	Units	Terms
Carleton M. Miller — CEO	3/3/21	598,665	\$ 3.60	3/3/22	199,555	399,110	24 equal monthly periods
Michel Bais — Managing Director	8/17/21	200,000	\$ 1.89	8/17/22	50,000	150,000	36 equal monthly periods
Ronnie Hamilton — VP Global Operations	1/12/22	200,000	\$ 1.10	1/12/23	66,000	134,000	24 equal monthly periods
Group of 22 Employees	2/17/22	515,000	\$ 0.98	2/17/23	169,950	345,050	24 equal monthly periods
Carleton M. Miller — CEO	2/16/22	1,033,076	\$ 1.05	2/16/23	258,269	774,807	36 equal monthly periods
Mike Bond — CFO	2/16/22	392,985	\$ 1.05	2/16/23	98,256	294,739	36 equal monthly periods

The following table illustrates various plan data under time-based restricted stock awards:

	For the years ended December 31,	
	2022	2021
Stock-based compensation expense	\$ 1,385,000	\$ —
Remaining expense of stock-based compensation	\$ 3,248,000	\$ 2,533,000
Remaining amortization period	2.3 years	3.5 years
Weighted average remaining contractual life — options outstanding and exercisable	2.5 years	2.5 years
Intrinsic value per share	\$ —	\$ —
Range of exercise prices	\$ 0.98 to \$3.60	\$ 1.89 to \$3.60
Quantity:		
Beginning balance-January 1 st , outstanding	798,665	—
Granted	2,141,061	798,665
Forfeited	(125,000)	—
Ending balance-December 31 st , outstanding	2,814,726	798,665

Ending balance-December 31 st , exercisable	415,885	—
Weighted Averages:		
Beginning balance-January 1 st , outstanding	\$ 3.17	\$ —
Granted	\$ 1.04	3.17
Forfeited	\$ (.98)	\$ —
Ending balance-December 31 st , outstanding	\$ 1.20	\$ 3.17
Ending balance-December 31 st , exercisable	\$ 3.30	\$ —

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 — STOCK-BASED COMPENSATION (continued)

Restricted Stock Units (continued)

Restricted stock awards — performance-based:

The Company granted the following awards under the amended Plan for restricted stock units (“RSUs”) subject to performance vesting conditions and continued employment:

Recipient	Grant		Exercise Price	Units Vesting Schedule		
	Date	Units		Tranche 1	Tranche 2	Tranche 3
Carleton M. Miller — CEO	3/3/21	896,665	\$ 3.60	299,555	299,555	299,555
Michael Bond — CFO	12/31/20	368,715	\$ 1.32	122,905	122,905	122,905

Note: The above performance-based restricted stock units met all three revenue thresholds in the last quarter of 2021, and the Company recognized stock-based compensation expense accordingly for the year ending December 31, 2021.

Recipient	Grant		Exercise Price	Units Vesting Schedule		
	Date	Units		Tranche 1	Tranche 2	Tranche 3
Carleton M. Miller — CEO	2/16/22	1,033,076	\$ 1.05	*344,359	**344,359	***344,359
Michael Bond — CFO	2/16/22	392,985	\$ 1.05	*130,995	**130,995	***130,994

* RSUs will vest upon the Company’s attainment, on or before December 31, 2026, of revenue of more than \$35,575,000 accumulated over four consecutive fiscal quarters.

** RSUs will vest upon the Company’s attainment, on or before December 31, 2026, of revenue of more than \$37,353,000 accumulated over four consecutive fiscal quarters.

*** RSUs will vest upon the Company’s attainment, on or before December 31, 2026, of revenue of more than \$39,220,000 accumulated over four consecutive fiscal quarters.

Note: the determination of revenue for any fiscal period shall be made based on the Company’s revenues on a consolidated basis for each such fiscal period if the employee remains in continuous employment with the Company through the date the Compensation Committee certifies the revenue for such fiscal period and authorizes the issuance of the underlying shares of common stock to the employee according to his award agreement. Except as provided in each employment agreement, if an individual ceases to be an employee of the Company before any vesting date, the remaining portion of the total number of shares unvested is forfeited. The probability of achieving any required metrics for vesting is inconclusive, and no awards are exercisable as of December 31, 2022. When the Company determines that the remaining performance metrics’ achievement becomes probable, the Company will record a cumulative catch-up stock-based compensation amount. We will record any unrecognized costs over the remaining requisite service period of the awards.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 — STOCK-BASED COMPENSATION (continued)

Restricted Stock Units (continued)

Restricted stock awards — performance-based (continued):

The following table illustrates various plan data under performance-based restricted stock awards:

	For the years ended December 31,	
	2022	2021
Stock-based compensation expense	\$ —	\$ 3,722,000
Remaining expense of stock-based compensation	\$ 1,498,000	\$ —
Remaining amortization period	2.8 years	0.0 years
Weighted average remaining contractual life — options outstanding and exercisable	2.8 years	4.0 years
Intrinsic value per share	\$ —	\$ 1.18
Range of exercise prices	\$ 1.05	\$1.32 to 3.60
Quantity:		
Beginning balance-January 1 st , outstanding	1,267,380	368,715
Granted, canceled, expired	1,426,062	898,665
Exercised	(1,267,380)	—
Ending balance-December 31 st , outstanding	1,426,062	1,267,380
Ending balance-December 31 st , exercisable	—	1,267,380
Weighted Averages:		
Beginning balance-January 1 st , outstanding	\$ 2.90	\$ 1.32
Granted, canceled, expired	1.05	3.60
Exercised	\$ (2.90)	\$ —
Ending balance-December 31 st , outstanding	\$ 1.10	\$ 2.90
Ending balance-December 31 st , exercisable	\$ —	\$ 2.90

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 — COMMITMENTS AND CONTINGENCIES

Pension:

The Company may make a matching contribution to its employees' 401(k) plan. Vislink also has a Group Personal Plan in our U.K. Subsidiary, investing funds with Royal London. U.K. employees are entitled to join the Plan to which the Company contributes varying amounts subject to status. Additionally, the Company operates a stakeholder pension scheme in the U.K.

The table below represents the Company's matching contributions as follows:

	For the year ended December 31,	
	2022	2021
Company matching contributions - Group Personal Pension Plan, U.K.	\$ 166,000	\$ 169,000

Nasdaq Compliance:

As previously reported, on May 20, 2022, Vislink Technologies, Inc. (the "Company") received notice from the Nasdaq Listing Qualifications Department (the "Staff") of the Nasdaq Stock Market LLC ("Nasdaq") notifying the Company of its noncompliance with Nasdaq Listing Rule 5550(a)(2) (the "Rule") by failing to maintain a minimum bid price for its common stock on the Nasdaq Capital Market of at least \$1.00 per share for 30 consecutive business days. The Company received a grace period of 180 days, or until November 16, 2022, to regain compliance with the minimum bid price requirement.

On November 10, 2022, the Company submitted a request to Nasdaq for an additional 180-day grace period, or until May 15, 2023, to regain compliance with the minimum bid price requirement. On November 17, 2022, the Company received a letter from Nasdaq advising that the Company had been granted an additional 180-day grace period extension until May 15, 2023, to regain compliance with the minimum bid price requirement and all other applicable requirements for initial listing on the Nasdaq Capital Market except for the minimum bid price requirement.

On January 11, 2023, the Company held a special meeting of stockholders (the "Special Meeting") whereby stockholders voted and approved a proposal to authorize the Board of Directors of the Company (the "Board"), in its discretion but before the one-year anniversary of the date of the Special Meeting, to implement an amendment to the Company's certificate of incorporation to effect a reverse stock split (the "Reverse Stock Split") of all of the outstanding shares of Common Stock, par value \$0.00001 per share ("Common Stock"), of the Company, at a ratio in the range of 1-for-2 to 1-for-50. The Company intends to monitor the closing bid price of its common stock and may, if appropriate, consider available options to regain compliance with the Rule, including initiating the Reverse Stock Split.

There can be no assurance that the Reverse Split will result in a sustained increase in the per share market price for the Common Stock for the minimum period necessary to permit the Company to be timely regain compliance with the Rule. There can be no assurance that the Company will be able to regain compliance with the Rule or otherwise be in compliance with other Nasdaq Listing Rules during this additional 180-day extension period. If the Company does not regain compliance within the allotted compliance period, Nasdaq will provide notice that the common stock will be subject to delisting. The Company would then be entitled to appeal that determination to a Nasdaq hearings panel.

The Nasdaq notice has no immediate impact on the listing of the Company's common stock, which will continue to be listed and traded on The Nasdaq Capital Market under the symbol "VISL," subject to the Company's compliance with the other continued listing requirements of The Nasdaq Capital Market

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 — CONCENTRATIONS

Customer concentration risk

During the year ended December 31, 2022, the Company recorded sales to a single customer of \$3,436,000 (12%), in excess of 10% of the Company's total sales. For the year ended December 31, 2021, the Company recorded sales to a single customer of \$8,511,000 (25%) in excess of 10% of the Company's total sales.

On December 31, 2022, and 2021, the Company recorded accounts receivable of approximately \$1,138,000 (19%) and \$4,204,000 (46%), respectively, to a single customer in excess of 10% of the Company's total consolidated accounts receivable.

Vendor concentration risk

During the years ended December 31, 2022, and 2021, there were no individual vendor inventory purchases in excess of 10% of the Company's consolidated inventory purchases, respectively.

On December 31, 2022, and 2021, the Company recorded one vendor balance of approximately \$0.27 million (10%) and \$0-, respectively, in excess of 10% of the Company's total consolidated accounts payable.

NOTE 19 – REVENUE

The Company has one operating segment, and the decision-making group is the senior executive management team. The Company disaggregated revenue by primary geographical markets and revenue sources in the following tables:

	For the years ended December 31,	
	2022	2021
Primary geographical markets:		
North America	\$ 12,037,000	\$ 18,050,000
South America	182,000	361,000
Europe	9,229,000	11,389,000
Asia	1,851,000	1,975,000
Rest of World	5,103,000	2,107,000
	<u>\$ 28,402,000</u>	<u>\$ 33,882,000</u>
Primary revenue source:		
Equipment sales	\$ 25,667,000	\$ 31,733,000
Installation, integration, and repairs	1,450,000	1,082,000
Warranties	1,014,000	743,000
Other (See Note 20)	271,000	324,000
	<u>\$ 28,402,000</u>	<u>\$ 33,882,000</u>
Long-Lived Assets:		
United States	\$ 1,970,000	\$ 2,410,000
Netherlands	27,000	—
United Kingdom	4,912,000	14,257,000
	<u>\$ 6,909,000</u>	<u>\$ 16,667,000</u>

NOTE 20 — REBATES

The amounts generated in Note 18 as part of the Primary revenue source "other" resulted from rebates issued to the Company's filing appropriate governmental forms related to the research costs incurred by our U.K. subsidiary in prior fiscal years. The Company expects to continue filing applicable rebate forms for the 2022 fiscal year but can provide no assurances that such rebates will be available in future financial periods at similar levels or at all.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21 — GAINS ON SETTLEMENT OF DEBT

The following table represents the Company's gains on settlement of debt for the years ending December 31, 2022 and 2021:

	For the Years Ended December 31,	
	2022	2021
On March 10, 2021, the Company negotiated a vendor accounts payable balance of \$494,000 with a remittance settlement of \$300,000	\$ —	\$ 194,000
On July 26, 2021, the Payroll Protection Program ("PPP") loan of \$1,168,000 received on April 10, 2020, was forgiven. Under ASC 405-20, the Company recorded the transaction as a gain on settlement of debt		1,168,000
On May 4, 2022, and July 19, 2022, the Company issued 38,703 shares of common stock on each date with an accumulated value of \$54,184 in satisfaction of an amount payable of \$80,000	25,816	—
On November 21, 2022, the Company settled the dividends payable in the amount of \$19,916 by issuing 47,419 Series A Preferred shares with a zero carrying value	19,916	—
	<u>\$ 45,732</u>	<u>\$ 1,362,000</u>

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22— INCOME TAXES

The provision (benefit) for income taxes consists of the following:

	For the Years Ended December 31,	
	2022	2021
Current tax provision		
Federal	\$ —	\$ —
State	25,000	7,000
	<u>25,000</u>	<u>7,000</u>
Deferred tax provision (benefit)		
Federal	(532,000)	(503,000)
State	(427,000)	1,025,000
Foreign	(978,000)	(2,052,000)
Change in the valuation allowance	1,722,000	1,530,000
Total deferred tax provision (benefit)	<u>(215,000)</u>	<u>—</u>
Income tax provision	<u>\$ (190,000)</u>	<u>\$ 7,000</u>

A reconciliation of the statutory tax rate to the effective tax rate is as follows:

	For the Years Ended December 31,	
	2022	2021
Statutory federal income tax rate	21.00%	21.00%
State and local taxes, net of federal benefit	0.30	(6.27)
Permanent differences	5.28	(9.12)
Executive compensation	(2.26)	—
Equity compensation	(11.06)	—
Provision to return	0.00	(0.03)
DTA adjustment for state NOL	0.00	(0.06)
Foreign Rate Differential	(1.27)	(1.96)
Change rate	2.66	(5.06)
Valuation allowance	(13.27)	1.46
Effective tax rate	<u>1.37%</u>	<u>(0.04)%</u>

Under the provisions of ASC 740, the Company may recognize the benefits of uncertain tax positions when it is more likely than not that the merits of the position(s) will be sustained upon audit by the relevant tax authorities. No uncertain tax positions were taken or expected on a tax return that would be determined to be an unrecognized tax benefit recorded on the Company's financial statements for the years ended December 31, 2022, or 2021. The Company does not expect its unrecognized tax benefit position to change during the next twelve months

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22 — INCOME TAXES (continued)

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial accounting purposes and the amounts used for income tax reporting. Significant components of the Company's deferred tax assets are as follows:

	For the Years Ended December 31,	
	2022	2021
Deferred Tax Assets		
Federal R&D credit	\$ 3,007,000	\$ 3,007,000
Inventory	576,000	457,000
Allowance for bad debt	72,000	76,000
Compensation related	7,000	298,000
Pension	72,000	39,000
Other accruals	7,000	16,000
State net operating losses	4,779,000	4,644,000
Federal net operating losses	44,821,000	43,045,000
Interest disallowance	1,151,000	82,000
Stock options	7,172,000	7,621,000
Other	296,000	1,097,000
Valuation Allowance	(61,731,000)	(60,048,000)
Total Deferred Tax Assets	229,000	334,000
Deferred Tax Liabilities		
Property and Equipment	(90,000)	(47,000)
Intangibles	(870,000)	(1,230,000)
Prepaid Expenses	(33,000)	(35,000)
Total Deferred Tax Liabilities	(993,000)	(1,312,000)
Net Deferred Tax Liability	\$ (764,000)	\$ (978,000)

As of December 31, 2022, the Company has federal net operating losses ("NOL") of approximately \$183.0 million that will expire beginning in 2027. The Company has federal NOLs of approximately \$26.3 million that may be carried forward indefinitely. The Company also has state NOL carryforwards of \$158.6 million, which will expire beginning in 2027. Besides, the Company has foreign NOL carryforwards of approximately \$26.1 million that generally do not expire except under certain circumstances. The Company also has research and development credits of approximately \$3.0 million, which will begin to expire in 2027. The years that remain open for review by taxing authorities are 2019 to 2022 for Federal, Foreign, and State Income Tax returns.

Realizing the NOL carryforwards and other temporary deferred tax differences is contingent on future taxable earnings. The Company's deferred tax assets were reviewed for expected utilization using a "more likely than not" approach by assessing the available positive and negative evidence surrounding its recoverability. Accordingly, a valuation allowance has been recorded against the Company's deferred tax assets, as it was determined, based on past and present losses, that it was "more likely than not" that the Company's deferred tax assets would not be realized. The valuation allowance was increased to the full carrying amount of the Company's deferred tax assets. In future years, if the deferred tax assets are determined by management to be "more likely than not" to be realized, the recognized tax benefits relating to the reversal of the valuation allowance will be recorded. The Company will continue to assess and evaluate strategies that enable the deferred tax asset, or portion thereof, to be utilized. It will reduce the valuation allowance appropriately when it is determined that the "more likely than not" criteria are satisfied.

The net operating loss carryovers may be subject to annual limitations under Internal Revenue Code Section 382 and similar state provisions should there be a greater than 50% ownership change as determined under the applicable income tax regulations. The limitation amount would be determined based on the company's value immediately before the ownership change, and subsequent ownership changes could further impact the annual limitation amount. An ownership change under Section 382 may have occurred in the past or could happen in the future, such that the NOLs available for utilization could be significantly limited. The Company plans to perform a Section 382 analysis in the future.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22 — INCOME TAXES (continued)

Effective for tax years beginning after December 31, 2017, the Tax Act includes a participation exemption system of taxation, which generally provides for 100% dividends received deduction on certain qualifying dividend distributions received by U.S. C-corporation shareholders from their 10% or more owned foreign subsidiaries. As a result of this new participation exemption system, it is generally anticipated that the Company should not be subject to additional U.S. federal income taxation on its future receipt of actual dividend income (instead of deemed inclusion amounts under specific anti-deferral rules) from its foreign subsidiary.

For tax years beginning after December 31, 2017, the Tax Act introduced a new limitation on the deduction of interest expense whereby current-year interest deductions are limited (among other restrictions) to 30% of adjusted taxable income, with various modifications and exceptions. The Company does incur interest expenses and evaluates each year the impact, if any, of the new limitation.

The Company has not provided for deferred taxes and foreign withholding taxes on the excess of the financial reporting basis over the tax basis in our investments in foreign subsidiaries that are nearly permanent in duration. In general, it is the Company's practice and intention to reinvest our foreign subsidiary's earnings in those operations. Generally, our foreign subsidiary's earnings have become subject to U.S. taxation based on specific U.S. tax law provisions, such as the recently enacted territorial transition tax under section 965 and under certain other circumstances. Due to the complexities of the provisions introduced with the Tax Act, and the underlying assumptions that would have to be made, it is not practicable to estimate the amount of tax provision required to account for these foreign undistributed earnings. The Company will account for any additional expense or deduction in the year it is claimed. The Company will continue to review each year whether this treatment is appropriate.

The Company did not identify any material uncertain tax positions and is not under any income tax examinations.

VISLINK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 — SUBSEQUENT EVENTS

Under ASC 855-10, the Company has analyzed its operations subsequent to December 31, 2022, and has determined that it does not have any other material subsequent events to disclose in these financial statements except for the following:

On March 27, 2023, the Company announced that it is entering into an agreed separation with Michael Bond, the Chief Financial Officer (“CFO”), to be effective on or about March 31, 2023. Effective at the close of business on March 31, 2023, Paul Norridge will become the Company’s new CFO.

**DESCRIPTION OF SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2022, Vislink Technologies, Inc. (the “Company,” “we,” “us,” or “our”) has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): our common stock, par value \$0.00001 per share (the “Common Stock”).

General

The following description of our capital stock and specific provisions of our Certificate of Incorporation and Bylaws are summaries and are qualified by reference to our Certificate of Incorporation and Bylaws. Copies of these documents can be accessed through hyperlinks to those documents in the list of exhibits in our Annual Report on Form 10-K for the fiscal year ending December 31, 2022.

Our authorized capital stock comprises 100,000,000 shares of common stock, a par value of \$0.00001 per share, and 10,000,000 shares of “blank check” preferred stock. As of March 24, 2023, we had 47,619,317 shares of common stock issued and outstanding, and no shares of preferred stock were outstanding.

Common Stock

Voting Rights

Each stockholder has one vote for each share of Common Stock held on all matters submitted to a vote of stockholders. A stockholder may vote in person or by proxy. A plurality of the votes cast determines the elections of directors.

Because our stockholders do not have cumulative voting rights, stockholders holding a majority of the voting power of our shares of Common Stock will be able to elect all of our directors. Our Certificate of Incorporation and Bylaws provide that stockholder actions may be effected at a duly called meeting of stockholders or pursuant to the written consent of the majority of stockholders. A special meeting of stockholders may be called by the majority of our Board of Directors or by a committee determined by the Board of Directors with the power to call such meetings.

Dividend Rights

The holders of outstanding shares of Common Stock are entitled to receive dividends out of funds legally available at times and in the amounts that our Board of Directors may determine, provided that required dividends, if any, on the preferred stock have been paid or provided. However, to date, we have not paid or declared cash distributions or dividends on our common stock and do not currently intend to pay cash dividends on our common stock in the foreseeable future. The Board of Directors will determine the declaration of cash dividends in the future based on our earnings, financial condition, capital requirements, and other relevant factors. To finance our operations, we intend to retain all earnings if and when generated.

No Preemptive or Similar Rights

Holders of our Common Stock do not have preemptive rights, and our Common Stock is not convertible or redeemable.

Right to Receive Liquidation Distributions

Upon our dissolution, liquidation, or winding-up, the assets legally available for distribution to our stockholders and remaining after payment to holders of preferred stock of the amounts, if any, to which they are entitled are distributable ratably among the holders of our common stock subject to any senior class of securities.

Anti-Takeover Provisions

The authorization of undesignated preferred stock makes it possible for our Board of Directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

Provisions such as these, which are intended to make an acquisition of control by a third party more difficult, are designed to enhance the likelihood of continued stability in the composition of our Board of Directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of us.

These provisions are also designed to reduce our vulnerability to an unsolicited acquisition proposal and discourage certain tactics used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of deterring hostile takeovers or delaying changes in our control or management. Consequently, these provisions also may inhibit fluctuations in the market price of our stock that may result from actual or rumored takeover attempts.

Our Certificate of Incorporation and Bylaws

Our certificate of incorporation and bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our company, including the following:

- **No Cumulative Voting.** The Delaware General Corporation Law (“DGCL”) provides that stockholders are denied the right to cumulate votes in the election of directors unless the company’s certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not provide for cumulative voting.
- **Special Meetings of Stockholders and Stockholder Action by Written Consent.** Our certificate of incorporation and bylaws provide that all stockholder actions must be effected at a duly called meeting of stockholders and eliminate the right of stockholders to act by written consent without a meeting. Our bylaws also provide that only our chairman of the board, Chief Executive Officer (or if there is no Chief Executive Officer, the President) or the board of directors, pursuant to a resolution adopted by a majority of the total number of authorized directors may call a special meeting of stockholders.
- **Advance Notice Requirements for Stockholder Proposals.** Our bylaws provide that stockholders seeking to present proposals before a meeting of stockholders, including the nomination of director candidates, must provide timely advance notice in writing and specifies requirements as to the form and content of a stockholder’s notice.
- **Amendment to Certificate of Incorporation and Bylaws.** Our certificate of incorporation and bylaws provide that the stockholders cannot amend the provisions described above except by a vote of 66 2/3% or more of our outstanding common stock.

These provisions are intended to enhance the likelihood of continued stability in the composition of our Board and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce our vulnerability to hostile takeovers and discourage tactics used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of delaying changes in our control or management. Consequently, these provisions may also inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts. We believe that the benefits of these provisions, including increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company, outweigh the disadvantages of discouraging takeover proposals because negotiation of takeover proposals could result in an improvement of their terms.

Choice of Forum

Our certificate of incorporation provides that the Court of Chancery of the state of Delaware (the “Chancery Court”) is the exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or the Corporation’s stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, the Corporation’s certificate of incorporation or by-laws or (iv) any action asserting a claim governed by the internal affairs doctrine, in each case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein.

This exclusive forum provision does not apply to suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934 (the “Exchange Act”) or any other claim for which the federal courts have exclusive jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder.

Our bylaws further provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. However, stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. The enforceability of similar choice of forum provisions in some other companies' bylaws has been challenged in legal proceedings, and it is possible that, in connection with any action, a court could find the choice of forum provisions contained in our bylaws to be inapplicable or unenforceable.

Section 203 of the DGCL

We are subject to Section 203 of the DGCL, which prohibits a Delaware corporation from engaging in any "business combination" with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder. In general, Section 203 defines an "interested stockholder" as an entity or person who, together with the person's affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

We are subject to Section 203 with the following exceptions:

- before the date that such a stockholder became an interested stockholder, the Board of Directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon closing of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date that such stockholder became an interested stockholder, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that the interested stockholder does not own.

In general, Section 203 defines business combination to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge, or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- guarantees, pledges or other financial benefits provided by or through the corporation.

Transfer Agent, Warrant Agent, and Registrars

Our transfer agent and registrar for our Common Stock in the United States is Continental Stock Transfer & Trust Company. Our Common Stock is listed on the Nasdaq Capital Market under the symbol "VISL."

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in this Registration Statement of Vislink Technologies, Inc. on Forms S-3 [File Nos. 333-228793 and 333-238013] and Forms S-8 [File Nos. 333-270912, 333-264124, 333-255305, 333-233849, 333-233848, 333-224107, 333-224106, 333-224105, 333-215461, 333-214658, 333-212621, 333-210773, 333-208313, 333-206486, 333-205687, and 333-203399] of our report dated March 31, 2023, with respect to our audits of the consolidated financial statements of Vislink Technologies, Inc. as of December 31, 2022 and for the years ended December 31, 2022 and 2021 appearing in the Annual Report on Form 10-K of Vislink Technologies, Inc. for the year ended December 31, 2022.

/s/ Marcum LLP

Marcum LLP
New York, NY
March 31, 2023

**CERTIFICATION
OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Carleton M. Miller, certify that:

1. I have reviewed this annual report on Form 10-K of Vislink Technologies, Inc.;
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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) 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) 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
 - (c) 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and 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 material, involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2023

/s/ Carleton M. Miller

Carleton M. Miller
Chief Executive Officer

**CERTIFICATION
OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Michael C. Bond, certify that:

1. I have reviewed this annual report on Form 10-K of Vislink Technologies, Inc.;
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 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)) 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) 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
 - (c) 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and 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 material, involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2023

/s/ Michael C. Bond

Michael C. Bond
Chief Financial Officer

**CERTIFICATION
OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Vislink Technologies, Inc. (the "Company") on Form 10-K for the period ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carleton M. Miller, Chief Executive Officer of Vislink Technologies, Inc., 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: March 31, 2023

/s/ Carleton M. Miller
Carleton M. Miller
Chief Executive Officer

**CERTIFICATION
OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Vislink Technologies, Inc. (the "Company") on Form 10-K for the period ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carleton M. Miller, Chief Executive Officer of Vislink Technologies, Inc., 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: March 31, 2023

/s/ Michael C. Bond

Michael C. Bond
Chief Financial Officer
