**Risk Factors Comparison 2024-03-14 to 2023-03-16 Form: 10-K**

**Legend:** **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Various portions of this report contain forward- looking statements that involve risks and uncertainties. Actual results, performance or achievements could differ materially from those anticipated in these forward- looking statements as a result of certain risk factors, including those set forth below and elsewhere in this report. We undertake no obligation to revise or update any forward ~~-~~ **-** looking statements contained herein to reflect subsequent events or circumstances or the occurrence of unanticipated events. We face many risks and uncertainties, any one or more of which could have a material adverse effect on our business, results of operations, financial condition (including capital and liquidity), or prospects or the value of or return on an investment in BK. We describe certain of these risks and uncertainties in this section, although we may be adversely affected by other risks or uncertainties that are not presently known to us, that we have failed to appreciate, or that we currently consider immaterial. These risk factors should be read in conjunction with the MD & A in Part II, Item 7 of this Annual Report on Form 10- K, and the Consolidated Financial Statements and notes thereto. This Annual Report on Form 10- K is qualified in its entirety by these risk factors. We depend on the success of our LMR product line **.** We currently depend on our LMR products as our sole source of sales. A decline in the price of and / or demand for LMR products, as a result of competition, technological change, the introduction of new products by us or others or a failure to manage product transitions successfully, could have a material adverse effect on our business, financial condition and results of operations. In addition, our future success will largely depend on the successful introduction and sale of **additional products to** our BKR Series product line, including **additional** ~~our initial~~ multiband ~~product~~ **products** , ~~which has been delayed from initial projections and~~ which we may be unable to successfully complete in a timely manner ~~, or at all~~ . Even if we successfully develop and launch **additional products to** the BKR Series product line, or any other new products, the development of which is a complex and **requires** ~~uncertain process requiring~~ innovation and investment, such products may not achieve market acceptance, which could have a material adverse effect on us. We are engaged in a highly competitive industry **.** We face intense competition from other LMR suppliers, and the failure to compete effectively could materially and adversely affect our market share, financial condition and results of operations. The largest supplier of LMR products in the world, Motorola Solutions, Inc., currently is estimated to have well in excess of half the market for LMR products. This supplier is also the world' s largest supplier of P- 25 products. Some of our competitors are significantly larger and have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical and marketing resources than we have. Some also have established reputations for success in developing and supplying LMR products, including providing complete, integrated, communications systems and infrastructure. We do not provide complete, integrated, communications systems and infrastructure. These advantages may allow our competitors: · to be more attractive to customers who desire a single- source supplier of LMR products; · to respond more quickly to new or emerging technologies and changes in customer requirements, which may render our products obsolete or less marketable; · to engage in more extensive research and development; · to undertake more far- reaching marketing campaigns; · to be able to take advantage of acquisitions and other opportunities; · to adopt more aggressive pricing policies; and · to be more attractive to potential employees and strategic partners. Some of our competitors have established broad networks of sales locations and multiple distribution channels that are more extensive than ours. We may not be able to compete successfully **,** and competitive pressures may materially and adversely affect our business, results of operations and financial condition. ~~7An~~ **8An** increase in the demand for P- 25 products could benefit competitors that are better financed and positioned to meet such demand. P- 25 products have been brought to the market by an increasing number of our competitors. Our first P- 25 portable radio was brought to market in 2003, and in recent years we introduced ~~two~~ **a** new ~~lines~~ - **line** of P- 25 ~~products, the KNG and KNG2 Series. We are currently developing a new line of P- 25 digital~~ products, the BKR Series. Bringing such products to market and achieving a significant market penetration for them will continue to require time and ~~expenditures~~ - **expenditure** of funds, and we may be unable to successfully do so. We may be unsuccessful in developing and marketing, on a timely basis, fully functional product enhancements or new products that respond to these and other technological advances, and our new products may not be accepted by customers. An inability to successfully develop and / or market products could have a material adverse effect on our business, financial condition and results of operations. Our industry is characterized by rapidly changing technology and our success is dependent on our ability to adapt to such changes **.** Our business could suffer if we are unable to keep pace with rapid technological changes and product development in our industry. The market for our LMR products is characterized by ongoing technological development, evolving industry standards and frequent product introductions. The LMR industry has largely transitioned from analog LMR products to digital LMR products in recent years. In addition, the APCO P- 25 standard has been widely adopted. If we are unable to successfully keep up with these changes, our business, financial condition and results of operations could be materially adversely affected. We depend heavily on sales to the U. S. Government **.** We are subject to risks associated with our reliance on sales to the U. S. Government. For the year ended December 31, ~~2022~~ **2023** , approximately **49** ~~37. 5~~ % of our sales were to agencies and departments of the U. S. Government, including but not limited to, agencies of the DHS, DoA, DoD and DoI. We may be unable to maintain this government business. Our ability to maintain our government business will depend on many factors outside of our control, including competitive factors, changes in government personnel making contract decisions, spending limits and political factors. The loss of sales to the U. S. Government would have a material adverse effect on our business, financial condition and results of operations. In addition, most U. S. Government customers award business through a competitive bidding process, which results in greater competition and increased pricing pressure. The bidding process involves significant cost and managerial time to prepare bids for contracts that may not be awarded to us. Even if we are awarded contracts, we may fail to accurately estimate the resources and costs required to fulfill a contract, which could negatively impact the profitability of any contract awarded to us. In addition, following a contract award, we may experience significant expense or delay, contract modification or contract rescission as a result of customer delay or our competitors protesting or challenging contracts awarded to us in competitive bidding. Any delay, especially any prolonged delay, in the U. S. Government budget process or a government shutdown may result in us incurring substantial labor or other costs without reimbursement under our customer contracts, decrease the number of purchase orders issued under our contracts with government agencies, or result in the suspension of work on contracts in progress or in payment delays. Any of these events could have a material adverse effect on our business, financial condition and results of operations. Our business is ~~partially~~ dependent on U. S. Government contracts, which are highly regulated and subject to terminations and oversight audits by U. S. Government representatives that could result in adverse findings and negatively impact our business **.** Our U. S. Government business is subject to specific procurement regulations with numerous compliance requirements. These requirements, although customary in U. S. Government contracting, increase our performance and compliance costs. These costs may increase in the future, thereby reducing our margins, which could have an adverse effect on our financial condition. Failure to comply with these regulations could lead to suspension or debarment from U. S. Government contracting or subcontracting for a period of time. Among the causes for debarment are violations of various laws or policies, including those related to procurement integrity, U. S. Government security regulations, employment practices, protection of criminal justice data, protection of the environment, accuracy of records, proper recording of costs, foreign corruption and the False Claims Act. ~~8Generally~~ - **Generally** , U. S. Government contracts are subject to oversight audits by U. S. Government representatives and could result in adjustments to our contracts. Any costs found to be improperly allocated to a specific contract or grant may not be allowed, and such costs already reimbursed to us may have to be refunded. Future audits and adjustments, if required, may materially reduce our revenues or profits upon completion and final negotiation of audits. Negative audit findings could also result in investigations, termination of a contract, forfeiture of profits or reimbursements, suspension of payments, fines and suspension or prohibition from doing business with the U. S. Government. All contracts with the U. S. Government are subject to cancellation at the convenience of the U. S. Government. ~~In~~ **9In** addition, contacts with government officials and participation in political activities are areas that are tightly controlled by federal, state, local and international laws. Failure to comply with these laws could cost us opportunities to seek certain government sales opportunities or even result in fines, prosecution or debarment. **Changes in U. S. trade policy, including changes to existing trade agreements and any resulting changes in international trade relations, may have a material adverse effect on us. The U. S. may continue to alter its approach to international trade, which may impact existing bilateral or multi- lateral trade agreements and treaties with foreign countries. The U. S. has imposed tariffs on certain foreign goods and may increase tariffs or impose new ones, and certain foreign governments have retaliated and may continue to do so. We derive a majority of our revenues from international sales, which makes us especially vulnerable to increased tariffs. Changes in U. S. trade policy have created ongoing turmoil in international trade relations, and it is unclear what future actions governments will or will not take with respect to tariffs or other international trade agreements and policies. Ongoing or new trade wars or other governmental action related to tariffs or international trade agreements or policies could reduce demand for our products and services, increase our costs, reduce our profitability, adversely impact our supply chain or otherwise have a material adverse effect on our business and results of operations.** Our business is subject to the economic, political, and other risks of manufacturing products in foreign countries **.** We engage in business with manufacturers, some of which are located in other countries. Approximately ~~17~~ **16** % of our material, subassembly and product procurements in ~~2022~~ **2023** were sourced internationally. Accordingly, we are subject to special considerations and risks not typically associated with companies operating solely in the U. S. These include the risks associated with the political, economic, legal, health and other conditions in such foreign countries, among others. Our business, financial condition and operating results may be materially and adversely affected by, among other things, changes in the general political, social, health and economic conditions in foreign countries in which we maintain sourcing relationships, unfavorable changes in U. S. trade legislation and regulations, the imposition of governmental economic sanctions on countries in which we do business or other trade barriers, threats of war, terrorism or governmental instability, labor disruptions, the impact of public health epidemics on employees and the global economy ~~, such as the coronavirus currently impacting China~~ , which may cause our manufacturers or suppliers to temporarily suspend operations in the affected region, potentially negatively impacting our product launch timing and shipments, currency controls, fluctuating exchange rates with respect to contracts not denominated in U. S. dollars, and unanticipated or unfavorable changes in government policies with respect to laws and regulations, anti- inflation measures and method of taxation. If we were unable to navigate foreign regulatory environments, or if we were unable to enforce our contract rights in foreign countries, our business could be adversely impacted. Any of these events could interrupt our manufacturing process and cause operational disruptions, increase prices for manufacturing, reduce our sales or otherwise have an adverse effect on our operating performance. We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability due to the ongoing military conflict between Russia and Ukraine **and the Israeli – Palestinian conflict in the Middle- East** . Our business, financial condition and results of operations may be materially adversely affected by any negative impact on the global economy and capital markets resulting from ~~the conflict~~ **conflicts** in Ukraine **, the Middle- East** or any other geopolitical tensions. U. S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the ~~start of the~~ military conflict between Russia and Ukraine **and Israel and Palestinian state** ~~. On February 24, 2022, a full- scale military invasion of Ukraine by Russian troops was reported~~ . Although the length and impact of the ongoing military ~~conflict~~ **conflicts** is highly unpredictable, the conflict in ~~Ukraine~~ **both of these regions** could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions. We are continuing to monitor the ~~situation~~ **situations** in Ukraine **, Israel** and globally ~~and~~ **to** ~~assessing~~ --- **assess** its potential impact **, if any,** on our business. Additionally, Russia' s prior annexation of Crimea, recent recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and subsequent military interventions in Ukraine have led to sanctions and other penalties being levied by the United States, European Union and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so- called Donetsk People' s Republic, and the so- called Luhansk People' s Republic, including agreement to remove certain Russian financial institutions from the Society for Worldwide Interbank Financial Telecommunication (" SWIFT ") payment system. Additional potential sanctions and penalties have also been proposed and / or threatened. Russian military actions and the resulting sanctions could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, potentially making it more difficult for us to obtain additional funds. ~~Any~~ **10Any** of the above **-** mentioned factors could affect our business, prospects, financial condition, and operating results. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions may also magnify the impact of other risks described in this Annual Report on Form 10- K. ~~9Any~~ **Cyber- attacks and other security threats and disruptions could have a material adverse effect on our business. As a supplier of LMR products to federal, state and municipality agencies, we face a multitude of security threats, including cybersecurity threats ranging from attacks common to most industries, such as ransomware and denial- of- service, to attacks from more advanced and persistent, highly organized adversaries, including nation state actors, which target the defense contractors and other critical infrastructure sectors. The sophistication of the threats continue to evolve and grow, including the risk associated with the use of emerging technologies, such as artificial intelligence and quantum computing, for nefarious purposes. In addition to cybersecurity threats, we face threats to the security of our facilities and employees from sabotage or other disruptions, any of which could adversely affect our business. The improper conduct of our employees or others working on behalf of us who have access to sensitive information could also adversely affect our business and reputation. Our customers, suppliers, subcontractors and manufacturing partners experience similar security threats. If we are unable to protect sensitive information, including complying with evolving information security, data protection and privacy regulations, our customers or governmental authorities could investigate the adequacy of our threat mitigation and detection processes and procedures; and could bring actions against us for noncompliance with applicable laws and regulations. Moreover, depending on the severity of an incident, our customers' data, our employees' data, our intellectual property (including trade secrets and research, development and engineering know- how), and other third- party data (such as subcontractors, suppliers and vendors) could be compromised, which could adversely affect our business. LMR products we provide to customers also carry cybersecurity risks, including risks that they could be breached or fail to detect, prevent or combat attacks, which could result in losses to our customers and claims against us, and could harm our relationships with our customers and financial results. Given the persistence, sophistication, volume and novelty of threats we face, we may not be successful in preventing or mitigating an attack that could have a material adverse effect on us and the costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. The public safety aspects of our business and much of the data we protect increase and create different risks relative to other industries. Changes in U. S. federal, state and local and foreign tax law could adversely affect our business and financial condition. The laws, rules, and regulations dealing with U. S. federal, state and local and foreign income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U. S. Treasury Department. Changes to tax laws (which changes may have immediate and / or retroactive application) could adversely affect us or the holders of our common stock. In recent years, many changes have been made to applicable tax laws and changes are likely to continue to occur in the future. It cannot be predicted whether, when, in what form, or with what effective dates, new tax laws may be enacted, or regulations and rulings may be enacted, promulgated or issued under existing or new tax laws, which could result in an increase in our tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law or in the interpretation thereof. 11Any** outbreak or worsening of an outbreak of contagious diseases, or other adverse public health developments, could have a material and adverse effect on our business operations, financial condition and results of operations. Any outbreak or worsening of an outbreak of contagious diseases, or other adverse public health developments, could have a material and adverse effect on our business operations, financial condition and results of operations. For example, in December 2019, a novel strain of the coronavirus (COVID- 19) surfaced, which spread globally and was declared a pandemic by the World Health Organization in March 2020. In response to COVID- 19, national and local governments around the world instituted certain measures, including travel bans, prohibitions on group events and gatherings, shutdowns of certain businesses, curfews, shelter- in- place orders, and recommendations to practice social distancing. We are considered an " essential business " that is supporting first responders and our manufacturing operations have remained open throughout the pandemic. We implemented certain policies at our offices in accordance with best practices to accommodate, and at times mandate, social distancing, wearing face masks, and remote work practices. Among other things, we have invested in employee safety equipment, additional cleaning supplies and measures, adjusted production lines and workplaces as necessary and adapted new processes for interactions with our suppliers and customers to safely manage our operations. Any employees that test positive for COVID- 19 are quarantined and, if possible, work remotely in accordance with accepted safety practices until after passing subsequent testing. In planning for the possible disruption of our business, we took steps to reduce expenses **and control costs** throughout the Company ~~. This included suspending all Company travel for a period of time, as well as our participation in trade shows and other business meetings, instituting strict inventory control and decreasing expenditures. We also implemented workforce reductions during the third quarter of 2020 and suspended the employer' s 401K match. The impact to our business, particularly customer orders, is not known with any certainty. However, we received record customer orders of approximately $ 71 million~~ in 2022. ~~Recently~~ **During 2022** , worldwide shortages of materials, particularly semiconductors and integrated circuits, ~~have~~ resulted in limited supplies, extended lead times, and increased our costs and inventory levels for certain components used in our products. While, generally, we **were** ~~have been~~ able to procure the material necessary to manufacture our products and fulfill customer orders, there **were** ~~have been some~~ delays and longer delivery times within our supply chain **that reached a peak in 2022** ~~. While the progression and duration of these shortages is not known with certainty, they may last for several quarters or years~~ . The impact on our operations of such shortages **significantly** ~~, or additional shortages that may surface, is uncertain, but could potentially impact~~ **impacted** our ~~future sales,~~ manufacturing operations and financial results. Continued progression of these circumstances could result in a decline in customer orders, as our customers could shift purchases to lower- priced or other perceived value offerings or reduce their purchases and inventories due to decreased budgets, reduced access to credit or various other factors, and impair our ability to manufacture our products, which could have a material adverse impact on our results of operations and cash flow. While the ~~current~~ impacts of COVID- 19 are reflected in our results of operations **for 2023 and 2022 respectively** , we cannot ~~at this time~~ separate the direct COVID- 19 impacts from other factors that cause our performance to vary from quarter to quarter. The ultimate duration and impact of the COVID- 19 pandemic on our **supply chain and geopolitical factors to our** business, results of operations, financial condition and cash flows is dependent on future developments, including the duration and severity of the **geopolitical factors** ~~pandemic, and the related length of its impact~~ on the global economy, which are uncertain and cannot be predicted at this time. ~~Even after the COVID- 19 pandemic has subsided, we may continue to experience an adverse impact to our business as a result of its national and, to some extent, global economic impact.~~ Furthermore, the extent to which our mitigation efforts **for these uncertainties** are successful, if at all, is not presently ascertainable ~~. However, our results of operations in future periods may continue to be adversely impacted by the COVID- 19 pandemic and its negative effects on global economic conditions. The impact of any future outbreak of contagious disease, or a worsening or resurgence of COVID- 19, is not readily ascertainable, is uncertain and cannot be predicted~~ , but could have an adverse impact on the Company' s business, financial condition and results of operations. We carry substantial quantities of inventory, and inaccurate estimates of necessary inventory could materially harm our business, financial condition and operating results **.** We carry a significant amount of inventory to service customer requirements in a timely manner. If we are unable to sell this inventory over a commercially reasonable time, in the future we may be required to take inventory markdowns, which would reduce our net sales and / or gross margins. In addition, it is critical to our success that we accurately predict trends in customer demand, including seasonal fluctuations, in the future and do not overstock unpopular products or fail to sufficiently stock popular products. Both scenarios could materially harm our business, financial condition and operating results. ~~10We~~ **We** enter into fixed- price contracts that could subject us to losses in the event we fail to properly estimate our costs or hedge our risks associated with currency fluctuations **.** We sometimes enter into firm fixed- price contracts. If our initial cost estimates are incorrect, we can lose money on these contracts. Because certain of these contracts involve new technologies and applications, require us to engage subcontractors and / or can last multiple years, unforeseen events, such as technological difficulties, fluctuations in the price of raw materials, problems with our subcontractors or suppliers and other cost overruns, can result in the contract pricing becoming less favorable or even unprofitable to us and have an adverse impact on our financial results. In addition, a significant increase in inflation rates or currency fluctuations could have an adverse impact on the profitability of longer- term contracts. ~~Our~~ **12Our** investment strategy may not be successful, which could adversely impact our financial condition **.** We may invest part of our cash balances in public companies. For example, as of December 31, ~~2022~~ **2023** , we held an investment **in the Series B common** ~~interest~~ **interests** ~~in the equity~~ of ~~FG Financial Group, Inc. (Nasdaq: FGF) (" FGF "). through~~ FG Financial Holdings, LLC (" FG Holdings **LLC** "). These types of investments carry more risk than holding our cash balances as bank deposits or, for example, such conservative investments as treasury bonds or money market funds. There can be no assurance that we will be able to maintain or enhance the value or the performance of the companies in which we have invested or in which we may invest in the future, or that we will be able to achieve returns or benefits from these investments. We may lose all or part of our investment relating to such companies if their value decreases as a result of their financial performance or for any other reason. If our interests differ from those of other investors in companies over which we do not have control, we may be unable to ~~effect~~ **affect** any change at those companies. We are not required to meet any diversification standards, and our investments may become concentrated. If our investment strategy is not successful or we achieve less than expected returns from these investments, it could have a material adverse effect on us. The Board of Directors may also change our investment strategy at any time, and such changes could further increase our exposure, which could adversely impact us. Fundamental Global GP, LLC (" FG "), with its affiliates, is our largest stockholder, and its interests may differ from the interests of our other stockholders **.** The interests of FG may differ from the interests of our other stockholders. As of December 31, ~~2022~~ **2023** , FG and its affiliates, owners and managers together hold approximately ~~16~~ **15** % of the Company' s outstanding shares of common stock. Kyle Cerminara, Chief Executive Officer, Co- Founder, and Partner of FG, **was Chairman** ~~is a member~~ of our Board of Directors **until December 14, 2023** . As a result of its ownership position FG could exert influence over matters submitted for stockholder approval, including the election of our directors and other corporate actions such as significant stock issuances, reorganizations, mergers and asset sales, and over our business, operations and management, including our strategic plans for the business. FG may have interests that differ from those of our other stockholders and may vote in a way with which our other stockholders disagree ~~,~~ and which may be ~~adverse~~ - **averse** to their interests. FG' s ownership position may also have the effect of delaying, preventing or deterring a change of control of the Company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of the Company and might ultimately affect the market price of our common stock. If we are unable to maintain our brand and reputation, our business, results of operations and prospects could be materially harmed **.** Our business, results of operations and prospects depend, in part, on maintaining and strengthening our brand and reputation for providing high- quality products and services. Reputational value is based in large part on perceptions. Although reputations may take decades to build, any negative incidents can quickly erode trust and confidence, particularly if they result in adverse publicity, governmental investigations or litigation. If problems with our products cause operational disruption or other difficulties, or there are delays or other issues with the delivery of our products or services, our brand and reputation could be diminished. Damage to our reputation could also arise from actual or perceived legal violations or product safety issues, cybersecurity breaches, actual or perceived poor employee relations, actual or perceived poor service, actual or perceived poor privacy practices, operational or sustainability issues, actual or perceived ethical issues or other events within or outside of our control that generate negative publicity with respect to us. Any event that has the potential to negatively impact **on** our reputation could lead to lost sales, loss of new opportunities and retention and recruiting difficulties. If we fail to promote and maintain our brand and reputation successfully, our business, results of operations and prospects could be materially harmed. ~~11We~~ **We** face a number of risks related to challenging economic conditions. Current economic conditions in the U. S. and elsewhere remain uncertain. These challenging economic conditions could materially and adversely impact our business, liquidity and financial condition in a number of ways, including: **· Inflation could adversely affect our profitability: We sometimes enter into firm fixed- price contracts. In an inflationary environment, our cost of capital, labor and materials can increase and the purchasing power of our cash resources can decline, which can have an adverse impact on our business or financial results. We are taking steps that we expect will enable us to maintain acceptable operating margins despite the inability to raise prices. However, it is possible that those steps will not be successful, and that the combination of inflation and reduced demand for our LMR products will adversely affect our profitability. 13** · Potential deferment or reduction of purchases by customers: Significant deficits and limited appropriations confronting our federal, state and local government customers may cause them to defer or reduce purchases of our products. Furthermore, uncertainty about current and future economic conditions may cause customers to defer purchases of our products in response to tighter credit and decreased cash availability. Additionally, any delay, especially any prolonged delay, in the U. S. Government budget process or government shutdown may negatively impact the ability of many of our customers to purchase our products and decrease the number of purchase orders issued under our contracts with government agencies. · Negative impact from increased financial pressures on third- party dealers, distributors and suppliers: We make sales to certain of our customers through third- party dealers and distributors. We generally do not require collateral from our customers. If credit pressures or other financial difficulties result in insolvencies of these third parties and we are unable to successfully transition the end customers to purchase our products from other third parties, or directly from us, it could materially and adversely impact our business, financial condition and operating results. Challenging economic conditions may also impact the financial condition of one or more of our key suppliers, which could negatively affect our ability to secure product to meet our customers' demands. · Limited access by us to credit and capital: The credit markets may limit our access to credit and impair our ability to raise capital, if needed, on acceptable terms or at all. From time to time, we also have cash in financial institutions in excess of federally insured limits, which funds might be at risk of loss should such financial institutions face financial difficulties. The terms of the credit agreement with Alterna Capital Solutions, LLC ~~contains~~ **contain** restrictive covenants that may limit our operating flexibility or that of our subsidiaries. On November 22, 2022, our subsidiaries, BK Technologies, Inc. and RELM Communications, Inc. (the " Subsidiaries "), entered into an Invoice Purchase and Security Agreement (" IPSA ") with Alterna Capital Solutions, LLC (" Alterna ") for a one- year line of credit with total maximum funding up to $ 15 million, with an interest rate of Prime plus 1. 85 %, and other monthly administrative fees. **In November 2023, the IPSA was extended for one year.** The IPSA line of credit is an accounts receivable and inventory financing facility, with the borrowing base of up to 85 % of eligible accounts receivable and up to 75 % of net orderly liquidation value of inventory, not to exceed 100 % of eligible accounts receivable. The Company used funds obtained from the IPSA line of credit to replace the existing JPMC Credit Agreement **(the " JPMC Credit Agreement ")** and for working capital for the business. The IPSA also has covenants concerning additional financing and indebtedness restrictions. The IPSA provides for the payment of fees by the Subsidiaries and includes customary representations and warranties, indemnification provisions, covenants and events of default. Subject in some cases to cure periods, amounts outstanding under the IPSA may be accelerated for typical defaults including, but not limited to, the failure to make payments when due, the failure to perform any covenant, the inaccuracy of representations and warranties, the occurrence of debtor- relief proceedings, and the occurrence of unpermitted liens against the purchased accounts receivable and collateral. The Subsidiaries have granted Alterna a security interest in all of their respective personal property to secure their obligations under the IPSA. The Subsidiaries entered into a cross- guarantee, guaranteeing each other' s obligations under the IPSA, and BK also provided a guaranty of the Subsidiaries' obligations under the IPSA. In general, the IPSA could have an adverse effect on our financial condition or results of operations. We depend on a limited number of manufacturers and on a limited number of suppliers of components to produce our products, and the inability to obtain adequate and timely delivery of supplies and manufactured products could have a material adverse effect on us **.** We contract with manufacturers to produce portions of our products. Our use of contract manufacturers exposes us to certain risks, including shortages of manufacturing capacity, reduced control over delivery schedules, quality assurance, production yield and costs. If any of our manufacturers terminate production or cannot meet our production requirements, we may have to rely on other contract manufacturing sources or identify and qualify new contract manufacturers. The lead- time required to qualify a new manufacturer could range from approximately two to six months. Despite efforts to do so, we may not be able to identify or qualify new contract manufacturers in a timely and cost- effective manner, and these new manufacturers may not allocate sufficient capacity to us in order to meet our requirements. Any significant delay in our ability to obtain adequate quantities of our products from our current or alternative contract manufacturers could have a material adverse effect on our business, financial condition and results of operations. ~~12In~~ **14In** addition, our dependence on limited and sole source suppliers of components involves several risks, including a potential inability to obtain an adequate supply of components, price increases, late deliveries and poor component quality. Approximately ~~61~~ **95** % of our material, subassembly **,** and product procurements in ~~2022~~ **2023** were sourced from ~~nine~~ **twelve** suppliers. We place purchase orders from time to time with these suppliers and have no guaranteed supply arrangements. Disruption or termination of the supply of these components could delay shipments of our products. The lead- time required for some of our **proprietary** components is up to as ~~six~~ **long as twelve to eighteen** months. If we are unable to accurately predict our component needs, or if our component supply is disrupted, we may miss market opportunities by not being able to meet the demand for our products. This may damage our relationships with current and prospective customers and have a material adverse effect on our business, financial condition and results of operations. We may not be able to manage our growth **.** Acquisitions and other business transactions may disrupt or otherwise have a negative impact on our business, financial condition and results of operations. We do not have any acquisitions currently pending, and there can be no assurance that we will complete any future acquisitions or other business transactions or that any such transactions which are completed will prove favorable to our business. We intend to seek stockholder approval for any such transactions only when so required by applicable law or regulation. Any acquisitions of businesses and their respective assets also involve the risks that the businesses and assets acquired may prove to be less valuable than we expect ~~,~~ and we may assume unknown or unexpected liabilities, costs and problems. We hope to grow rapidly, and the failure to manage our growth could materially and adversely affect our business, financial condition and results of operations. Our business plan contemplates, among other things, leveraging our products and technology for growth in our customer base and sales. This growth, if it materializes, could significantly challenge our management, employees, operations and financial capabilities. In the event of this expansion, we have to continue to implement and improve our operating systems and to expand, train, and manage our employee base. If we are unable to manage and integrate our expanding operations effectively, our business, results of operations and financial condition could be materially and adversely affected **. If our products contain defects or otherwise fail to perform as expected, we could be liable for damages and incur unanticipated warranty, recall and other related expenses, our reputation could be damaged, we could lose market share and, as a result, our financial condition or results of operations could suffer. Our products rely on complex electronic circuits, capacitors, sensors, user- friendly interfaces and tightly integrated electromechanical designs to accomplish their missions. Our products may contain defects or experience failures due to any number of issues in design, materials, manufacture, deployment and / or use. If any of our products contain a defect, compatibility or interoperability issue or other error, we may have to devote significant time and resources to find and correct the issue. Such efforts could divert the attention of our management team and other relevant personnel from other important tasks. A product recall or a significant number of product returns could (i) be expensive; (ii) damage our reputation and relationships with utilities and other third- party vendors; (iii) result in the loss of business to competitors; and (iv) result in litigation against us. Costs associated with field replacement labor, hardware replacement, re- integration with third- party products, handling charges, correcting defects, errors and bugs, or other issues could be significant and could materially harm our financial results** . Environmental, social and governance matters may impact our business and reputation. Increasingly, in addition to the importance of their financial performance, companies are being judged by their performance on a variety of environmental, social and governance (“ ESG ”) matters, which are considered to contribute to the long- term sustainability of companies’ performance. A variety of organizations measure the performance of companies on ESG topics, and the results of these assessments are widely publicized. In addition, investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of ESG measures to their investment decisions. Topics taken into account in such assessments include, among others, companies’ efforts and impacts on climate change and human rights, ethics and compliance with law, diversity and the role of companies’ board of directors in supervising various sustainability issues. ESG goals and values are embedded in our core mission and vision, and we consider their potential impact on the sustainability of our business over time and the potential impact of our business on society. However, in light of investors’ increased focus on ESG matters, there can be no certainty that we will manage such issues successfully, or that we will successfully meet society’ s expectations as to our proper role. This could lead to **the** risk of litigation or reputational damage relating to our ESG policies or performance. ~~13Further~~ **15Further** , possible actions to address ESG issues may not maximize short- term financial results and may yield financial results that conflict with the market’ s expectations. We have and may in the future make business decisions that may reduce our short- term financial results if we believe that the decisions are consistent with our ESG goals, which we believe will improve our financial results over the long ~~-~~term. These decisions may not be consistent with the short- term expectations of our stockholders and may not produce the long- term benefits that we expect, in which case our business, financial condition, and operating results could be harmed. Retention of our executive officers and key personnel is critical to our business **.** Our key executives are critical to our success. The loss of services from any of our executive officers or other key employees due to any reason whatsoever could have a material adverse effect on our business, financial condition and results of operations. Our success is also dependent upon our ability to hire and retain qualified operations, development and other personnel. Competition for qualified personnel in our industry is intense, and we may be unable to hire or retain **the** necessary personnel. The inability to attract and retain qualified personnel could have a material adverse effect on our business, financial condition and results of operations. We have had changes in our senior management team and other personnel over the past few years and have promoted or hired new employees to fill certain roles. Our inability to effectively integrate the newly ~~-~~hired or promoted senior managers or other employees into our business process, controls and systems could have a material adverse effect on us. We rely on a combination of contract, trademark and trade secret laws to protect our intellectual property rights, and failure to effectively utilize or successfully assert these rights could negatively impact us **.** Currently, we have ~~two~~ **four** approved and four pending applications for US patents. We have several trademarks related to the names “ BK Technologies, ” “ BK Radio ” ~~,~~ and “ Radios for Heroes ”. We have applied for trademarks related to the names “ BKR ”, “ BKRplay ” ~~,~~ and “ InteropONE ”. As part of our confidentiality procedures, we generally enter into nondisclosure agreements with our employees, distributors and customers and limit access to and distribution of our proprietary information. We also rely on trade secret laws to protect our intellectual property rights. There is a risk that we may be unable to prevent another party from manufacturing and selling competing products or otherwise violating our intellectual property rights. Our intellectual property rights, and any additional rights we may obtain in the future, may be invalidated, circumvented or challenged in the future. It may also be particularly difficult to protect our products and intellectual property under the laws of certain countries in which our products are or may be manufactured or sold. Our failure to perfect or successfully assert intellectual property rights could harm our competitive position and could negatively impact us. Rising health care costs may have a material adverse effect on us **.** The costs of employee health care insurance have been increasing in recent years due to rising health care costs, legislative changes and general economic conditions. We cannot predict what other health care programs and regulations ultimately will be implemented at the federal or state level or the effect of any future legislation or regulation in the U. S. on our business, financial condition and results of operations. In addition, we cannot predict when or if Congress will repeal and / or replace certain health care programs and regulations at the federal level and the impact such changes would have on our business. A continued increase in health care costs could have a material adverse effect on us. The insurance that we maintain may not fully cover all potential exposures **.** We maintain property, business interruption and casualty insurance, but such insurance may not cover all risks associated with the hazards of our business and is subject to limitations, including deductibles and maximum liabilities covered. We are potentially at risk if one or more of our insurance carriers fail. Additionally, severe disruptions in the domestic and global financial markets could adversely impact the ratings and survival of some insurers. In the future, we may not be able to obtain coverage at current levels, and our premiums may increase significantly on coverage that we maintain. ~~14Our~~ **16Our** stock price is vulnerable to significant fluctuations, including due to our fluctuating quarterly operating results **.** Our quarterly operating results may fluctuate significantly from quarter to quarter and may be below the expectations of the investment community, resulting in volatility for the market price for our common stock. Other factors affecting the volatility of our stock price include: · future announcements concerning us or our competitors; · the announcement or introduction of technological innovations or new products by us or our competitors, including announcements regarding the status of our BKR Series product line; · changes in product pricing policies by us or our competitors; · changes in earnings estimates by us or our competitors or by securities analysts; · additions or departures of our key personnel; and · sales of our common stock. In addition, the stock market is subject to price and volume fluctuations affecting the market price for the stock of many companies generally, which ~~fluctuations~~ often are unrelated to operating performance **. During the period from January 1, 2020 to December 31, 2023, the trading price of our common stock ranged from $ 8. 30 to $ 23. 05. Many factors may cause our stock price to fluctuate, including those discussed above, variations in quarterly results; the hiring or departure of key personnel; acquisitions or strategic alliances involving us or our competitors; market conditions in our industry; and the global macroeconomic and geopolitical environment. Broad market fluctuations may adversely affect our stock price. When the market price of a company' s stock drops significantly, stockholders often institute securities litigation against that company. Any such litigation could cause us to incur significant expenses defending against the claim, divert the time and attention of our management and result in significant damages** . Natural disasters, acts of war or terrorism and other catastrophic events beyond our control could have a material adverse effect on our operations and financial condition **.** The occurrence of one or more natural disasters, such as fires, hurricanes, tornados, tsunamis, floods and earthquakes; geo- political events, such as civil unrest in a country in which our suppliers or manufacturers are located, or acts of war or terrorism (wherever located around the world) or military activities disrupting transportation, communication or utility systems or otherwise causing damage to our business, employees, suppliers, manufacturers and customers; or other highly disruptive events, such as nuclear accidents, pandemics, unusual weather conditions or cyber- attacks, could have a material adverse effect on our business, financial condition and results of operations. Such events could result, among other things, in operational disruptions, physical damage to or destruction or disruption of one or more of our properties or properties used by third parties in connection with the supply of products or services to us, the lack of an adequate workforce in parts or all of our operations and communications and transportation disruptions. These factors could also cause consumer confidence and spending to decrease or result in increased volatility in the U. S. and global financial markets and economy. Such occurrences could have a material adverse effect on us and could also have indirect consequences, such as increases in the costs of insurance, if they result in significant loss of property or other insurable damage. A security breach or other significant disruption of our information technology systems, or those of our distributors, manufacturers, suppliers and other partners, caused by cyber- attack or other means, could have a negative impact on our operations, sales and results of operations **.** From time to time, we may experience cyber- attacks on our information technology systems and the information systems of our distributors, manufacturers, suppliers and other partners, whose systems we do not control. These systems are vulnerable to damage, unauthorized access or interruption from a variety of sources, including, but not limited to, continually evolving cyber- attacks (including social engineering and phishing attempts), attempts to gain unauthorized access to data, cyber intrusion, computer viruses, security breach, misconduct by employees or other insiders with access to our data, energy blackouts, natural disasters, terrorism, sabotage, war and telecommunication failures. Cyber- attacks are rapidly evolving and becoming increasingly sophisticated. Computer hackers and others might compromise our security measures, or security measures of those parties that we do business with now or in the future, and obtain the personal information of our customers, employees and partners or our business information. A cyber- attack or other significant disruption involving our information technology systems or those of our distributors, manufacturers, suppliers or other partners, could result in disruptions in critical systems, corruption or loss of data, theft of data, funds or intellectual property, and unauthorized release of our or our customers' proprietary, confidential or sensitive information. Such unauthorized access to, or release of, this information could expose us to data loss, disrupt our operations, allow others to unfairly compete with us, subject us to litigation, government enforcement actions, regulatory penalties and costly response measures, and could seriously disrupt our operations. Any resulting negative publicity could also significantly harm our reputation. We may not have adequate insurance coverage to compensate us for any losses associated with such events. Any or all of the foregoing could have a negative impact on our business, financial condition, results of operations and cash flows. ~~15Because~~ **17Because** the techniques used to obtain unauthorized access to, or disable, degrade or sabotage, information technology systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques, implement adequate preventative measures or remediate any intrusion on a timely or effective basis. Moreover, the development and maintenance of these preventative and detective measures is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. We, therefore, remain potentially vulnerable to additional known or yet unknown threats, as in some instances, we, our distributors, manufacturers, suppliers and other partners, may be unaware of an incident or its magnitude and effects. We also face the risk **of exposing** ~~that we expose~~ our customers or partners to cybersecurity attacks. In addition, from time to time, we implement updates to our information technology systems and software, which can disrupt or ~~shutdown~~ **shut down** our information technology systems. We may not be able to successfully integrate and launch these new systems as planned without disruption to our operations. The risk of noncompliance with U. S. and foreign laws and regulations applicable to us could materially adversely affect us **.** Failure to comply with government regulations applicable to our business could result in penalties and reputational damage. Our products are regulated by the FCC and otherwise subject to a wide range of global laws. As a public company, we are also subject to **the** regulations of the SEC and the stock exchange on which we are listed. These laws and regulations are complex, change frequently, have tended to become more stringent over time and increase our cost of doing business. Compliance with existing or future laws, including U. S. tax laws, could subject us to future costs or liabilities, impact our production capabilities, constrict our ability to sell, expand or acquire facilities, restrict what products and services we can offer, and generally impact our financial performance. Failure to comply with or to respond to changes in these requirements and regulations could result in penalties on us, such as fines, restrictions on operations or ~~a~~ **the** temporary or permanent closure of our facility. These penalties could have a material adverse effect on our business, operating results and financial condition. In addition, existing or new regulatory requirements or interpretations could materially adversely impact us. We may not be able to maintain our NYSE American listing **.** Our common stock has been listed on the NYSE American since 2005. If we are unable to satisfy the continued listing standards of the NYSE American, which include, among others, minimum stockholders' equity, market capitalization, pre- tax income and per share sales price, our common stock may be delisted. If our common stock is delisted, we would be forced to have our common stock quoted on the OTC Markets or some other quotation medium, depending on our ability to meet the specific requirements of those quotation systems. In that case, we may lose some or all of our institutional investors, and selling our common stock on the OTC Markets would be more difficult because smaller quantities of shares would likely be bought and sold, and transactions could be delayed. These factors could result in lower prices and larger spreads in the bid and ask prices for shares of our common stock. If this happens, we will have greater difficulty accessing the capital markets to raise any additional necessary capital. Any infringement claim against us could have a material adverse effect on our business, financial condition and results of operations **.** As the number of competing products available in the market increases and the functions of those products further overlap, the potential for infringement claims may increase. Any such claims, with or without merit, may result in costly litigation or require us to redesign the affected product to avoid infringement or require us to obtain a license for future sales of the affected product. Any of the foregoing could damage our reputation and have a material adverse effect upon our business, financial condition and results of operations. Any litigation resulting from any such claim could require us to incur substantial costs and divert significant resources, including the efforts of our management and engineering personnel. ~~We~~ **18We** have deferred tax assets that we may not be able to utilize under certain circumstances **.** If we incur future operating losses, we may be required to provide some or all of our deferred tax assets with a valuation allowance, resulting in additional non- cash income tax expense. The change in the valuation allowance may have a material impact on future net income or loss. ~~16We~~ **We** may be unable to obtain components and parts that are verified to be Democratic Republic of Congo (" DRC ") conflict- free, which could result in reputational damage **.** The Dodd- Frank Wall Street Reform and Consumer Protection Act includes disclosure requirements regarding the use of tin, tantalum, tungsten and gold (which are defined as " conflict minerals ") in our products and whether these materials originated from the DRC or an adjoining country. The SEC rules necessitate a complex compliance process and related administrative expense for a company once it determines a conflict mineral is necessary to the functionality or production of a product that the company manufactures or contracts to manufacture. These requirements could affect the sourcing, availability and cost of minerals used in the manufacture of certain of our products, and we may not be able to obtain conflict- free products or supplies in sufficient quantities or at competitive prices for our operations. We have incurred, and will continue to incur, costs associated with complying with these supply chain due diligence procedures. In addition, because our supply chain is complex, if we discover that our products include minerals that have been identified as " not found to be DRC conflict- free " or we are unable to determine whether such minerals are included in our products, we may face reputational challenges with our customers, stockholders and other stakeholders as a result. As a holding company, BK Technologies Corporation is dependent on the operations and funds of its subsidiaries **.** On March 28, 2019, we completed a reorganization pursuant to which BK Technologies Corporation became a holding company with no business operations of its own. BK Technologies Corporation' s only significant assets are the outstanding equity interests in BK Technologies, Inc. and any other future subsidiaries of BK Technologies Corporation. As a result, we rely on cash flows from subsidiaries to meet our obligations, including payment of dividends to our stockholders. The holding company reorganization was intended to create a more efficient corporate structure and increase operational flexibility. The anticipated benefits of this reorganization may not be obtained if circumstances prevent us from taking advantage of the opportunities that we expect it may afford us. As a result, we may incur the costs of a holding company structure without realizing the anticipated benefits, which could adversely affect our reputation, financial condition, and results of operations.