

Risk Factors Comparison 2025-04-15 to 2024-03-26 Form: 10-K

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You should carefully consider the risk factors set forth below and in other reports that we file from time to time with the Securities and Exchange Commission and the other information in this Annual Report on Form 10-K. The matters discussed in the risk factors, and additional risks and uncertainties not currently known to us or that we currently deem immaterial, could have a material adverse effect on our business, financial condition, results of operation and future growth prospects and could cause the trading price of our common stock to decline. RISKS RELATED TO OUR BUSINESS **We may be unable to renew the DHS CWMS 2.0 IDIQ upon its expiration in November 2025. During 2024 and 2023 approximately 79 % and 75 %, respectively, of our revenues were from the Department of Homeland Security for Cellular Wireless Managed Services (CWMS) 2.0 ID / IQ Contract (DHS CWMS 2.0 IDIQ), which is up for renewal in a competitive process in November 2025. The DHS CWMS 2.0 IDIQ, like other government contracts, is awarded through a competitive procurement process. The costs we incur in the competitive procurement process may be substantial and we may not be successful in our bid to win such a contract or may be required to make significant concessions (or partner with another company) in order to win the contract. Many of the competitors involved in the procurement process will likely have greater financial and other resources than us. Additionally, there can be no assurance that the DHS will seek another similar contract. If we are unable to win the DHS CWMS 2.0 IDIQ contract on substantially similar terms or at all, our financial condition and results of operations will be materially adversely impacted.** Our market is highly competitive and we may not be able to compete effectively or gain market acceptance of our products and service. We operate in a market that is highly fragmented, price sensitive and subject to fierce competition. Additionally, rapid changes in technology **may** affect our ability to respond timely with new and innovative product offerings to address new market needs. We have a significant presence in the U. S federal marketplace and we expect the intensity of competition for government contracts, as well as commercial contracts to continue to increase in the future as existing competitors develop additional capabilities that better align with our core competencies and those of our target customer segment. While we believe our customer service **history**, strong customer retention and integrated technology solution sets are among our key differentiators, our competitors may offer introductory pricing and significantly discount their services to gain market share and / or in exchange for revenues with higher margin services in other areas or at later dates. Increased competition could result in additional pricing pressure, reduced sales, shorter term lengths for customer contracts, lower margins or the failure of our solution to achieve or maintain broad market acceptance. In addition, many of our competitors have greater financial resources than we have. If we are unable to compete effectively, it will be difficult for us to maintain our pricing rates and add and retain customers, have adequate financial resources to pay for and retain key personnel, and our business, financial condition and results of operations will be harmed. We may not be able to respond to rapid technological changes with new software products and services, which could harm our sales and profitability. Our portfolio of products, services, and solutions could become obsolete due to rapid technological changes such as the advancement and application of artificial intelligence and frequent new product and service introductions by our competitors in the mobile world. Additionally, frequent changes in mobile computing hardware and software technology, and resulting inconsistencies between the billing platforms utilized by major communications carriers and the changing demands of customers regarding the means of delivery of communications management solutions could affect our ability to efficiently deliver our services and harm our profit margins. To achieve and maintain market acceptance for our solution, we must effectively anticipate these changes and offer software products and services that respond to them in a timely manner. Customers may require customized transactional and reporting capabilities that our current solution does not have and / or may be cost prohibitive to develop to meet the customer' s requirements and ensure our contract is profitable. In addition, the development of new products and services comes with a high degree of uncertainty with regard to return on investment and involves significant time and financial resources to action, as there is no guarantee that the funds and time spent on developing such products will ever generate a return. If we fail to develop software products and services that satisfy customer preferences in a timely and cost- effective manner, our ability to renew our agreements with existing customers and our ability to create or increase demand for our solution will be harmed. The loss of significant customer contracts, including our IDIQ with the Department of Homeland Security, could also have an adverse impact on our financial results. While we believe that our business relationships with key decision makers are strong and represent a strong competitive advantage for us; however, it is possible that the strength of our relationship could diminish if our primary customer contacts leave their firm or the customer is acquired by another firm that uses a competitor to deliver the same services. We estimate that the loss of any large contract, **such as the DHS CWMS 2.0 IDIQ**, without any offsetting aggregate contract wins, **could would** have a significant adverse impact on our operating cash flow and financial results; and we would likely be faced with a decision to initiate cost reduction actions that would largely include reductions in force for personnel and assets affected by the contract loss. ~~Approximately 45 %~~ **Further, the availability of our managed service revenue in 2023 line of credit is dependent on having sufficient billed accounts receivable was as collateral generated under our DHS contracts.** If DHS CWMS 2.0 IDIQ were terminated or we did not re- win the contract upon re- bidding in November 2025 **or another large customer contract was terminated**, it would have a material adverse impact on our future revenue, profitability and cash flows. Inflationary **or other** pressures on costs, such as inputs for devices, labor and distribution costs may impact our financial condition or results of operations. As a provider of TMaaS services, we sell equipment manufactured by various suppliers and depend on suppliers to provide us, directly or through other suppliers, with items such as network equipment, customer premises equipment, and wireless- related equipment and other connected

devices. In 2021 and throughout 2023 **the past few years**, the costs of these inputs and the costs of labor necessary to develop and maintain our networks and our products and services rapidly increased. In addition, many of these inputs are subject to price fluctuations and supply issues from a number of factors, including, but not limited to, market conditions, demand for raw materials used in the production of these devices and network components, weather, climate change, energy costs, currency fluctuations, supplier capacities, governmental actions, wars or other low- intensity conflicts, acts of terror, import and export requirements (including tariffs), and other factors beyond our control. Although we are unable to predict the impact on our ability to source materials in the future, we expect these supply and inflationary pressures to continue into **2024-2025 . In addition, we may face additional cost pressure via new tariffs imposed on the items we import**. Our attempts to offset these cost pressures, such as through increases in the selling prices of some of our products and services, may not be successful and in certain events we may be required to honor contractual prices that are no longer profitable to us. Higher product prices may result in reductions in sales volume. Consumers may be less willing to pay a price differential for our products and may increasingly purchase lower- priced offerings, or may forego some purchases altogether, during an economic downturn. To the extent that price increases are not sufficient to offset these increased costs adequately or in a timely manner, and / or if they result in significant decreases in sales volume, our business, financial condition or operating results may be adversely affected. Furthermore, we may not be able to offset any cost increases through productivity and cost- saving initiatives ~~-Risks from acquisitions include integration challenges, a failure to achieve objectives, and the assumption of liabilities. Acquisitions, such as our acquisition of IT Authorities, Inc., often present significant challenges and risks. The risks from an acquisition include the Company failing to achieve strategic objectives and anticipated revenue and profit improvements, as well as failing to retain the key personnel of the acquired business. Additionally, failure to meet financial objectives of an acquisition could lead to impairment charges of intangible assets and goodwill in future periods. Finally, the assumption of liabilities related to litigation or other legal proceedings involving the acquired business may present a significant risk. There can be no assurance that any acquisition we complete achieves the results and / or synergies that we expected.~~ Our sales cycles can be long, unpredictable and require considerable time and expense, which may cause our operating results to fluctuate. Our sales cycle, which is the time between initial contact with a potential customer and the ultimate sale, is often lengthy and unpredictable. Some of our potential customers may already have partial managed mobility solutions in place under fixed- term contracts, which may limit their ability to commit to purchase our solution in a timely fashion. In addition, our potential customers typically undertake a significant evaluation process that can last up to a year or more, and which requires us to expend substantial time, effort and money educating them about the capabilities of our offerings and the potential cost savings they can bring to an organization. Furthermore, the purchase of our solution typically also requires coordination and agreement across many departments within a potential customer' s organization, which further contributes to our lengthy sales cycle. As a result, we have limited ability to forecast the timing and size of specific sales. Any delay in completing, or failure to complete, sales in a particular quarter or year could harm our business and could cause our operating results to vary significantly. Our financial resources are limited and the failure of one or more new product or service offerings could materially harm our financial results. Product research and development can be time consuming and costly, without any guarantee of a return on our investment. The failure of one of our products or services to gain market acceptance could cause us financial harm due to the costs involved in developing or acquiring new products and services and, thereafter, marketing such new products and services. Any failure to gain market acceptances of our products and services could have a material adverse impact on our financial results. In addition, many of our competitors have greater resources than us and ~~we~~ if we cannot keep pace with the intense competition in our marketplace, our business, financial condition and results of operations will suffer. We have significant fixed operating costs, which may be difficult to adjust in response to unanticipated fluctuations in revenues. A high percentage of our operating cash outlays, particularly personnel, rent and communications costs, are fixed in advance of any particular quarter. As a result, an unanticipated or prolonged decrease in the number or average size of, or an unanticipated delay in the scheduling for our projects may cause significant variations in operating results in any particular quarter and could have a material adverse effect on operations and cash flow for that quarter. An unanticipated termination, decrease or delay in the implementation of a significant anticipated customer contract could require us to maintain underutilized employees and that could have a material adverse effect on our cash flow, financial condition and results of operations. Other factors that may negatively affect our earnings from quarter to quarter include changes in: · the contractual terms and timing of completion of projects, including achievement of certain business results; · acceptance of our products to commercial or government customers; · budgets for government customers; · the implementation of new projects; · the adequacy of provisions for losses and bad debts; · the accuracy of our estimates of resources required to complete ongoing projects; · personnel, including the loss of key highly skilled personnel necessary to complete projects; · labor shortages; · supply chain issues; · inflationary pressures; · natural disasters, cyberattacks, war and / or terrorist attacks; · global pandemics ; and · general economic conditions and international hostilities including war. These factors could adversely affect customer demand, the Company' s operations, and its ability to source and deliver services to its customers, which could have a material adverse effect on the Company' s financial results. We currently have access to a credit facility, which provides for short term cashflow needs and requires us to maintain financial covenants and failure to achieve and maintain such covenants could limit our access to **debt needed funds**. We have access to a ~~new~~ credit facility, which consists of a variable line of credit primarily to meet short- term working capital requirements. Our credit facility agreement requires us to maintain certain financial covenants measured annually ~~commencing~~ **on December 31 , 2024 .** **We are currently in compliance with our covenants at December 31 , 2024 .** ~~-If~~ **however, if** we are unable to meet future covenants, our lender could take adverse actions that might include accelerating in part or in full payment of all unpaid principal and interest, reducing the amount of our credit facility, or offering renewal terms that are unfavorable, or refusing to renew our credit agreement, all of which could have a material adverse impact on our ability to meet periodic short term operational cash flow requirements and manage through prolonged government shutdowns. If we are unable to achieve and maintain our

covenants under our credit facility, our business and operating results could suffer and we may need to obtain additional funding or raise capital, which may not be available on favorable terms or at all. **The availability of our line of credit is dependent on having sufficient billed accounts receivable as collateral. If we do not have sufficient collateral, that could have a material adverse impact on our ability to meet periodic short term operational cash flow requirements.** We may be unable to ~~sustain~~ **maintain** profitability. We have a history of operating losses. A significant contributing factor driving such prior net operating losses were investments in sales and marketing and product development projects that did not produce the expected return on investment; and as a result placed a significant cumulative strain on our networking capital and overall financial position. There is no guarantee that we will be able to leverage our recent improvements in financial performance and meet our financial goals of growing top line revenue and positive net income without closing significant new business and incremental contract expansions and maintain control over operating costs. An inability to successfully grow our sales pipeline and close on new business that is profitable, **adequately control costs**, could affect our long- term viability, profitability and ultimately limit the financial resources we have available to grow our business and achieve our desired financial results. **Further, our lack of profitability and limits on access to capital may cause us to be disqualified from winning new contracts or recompleted contracts, or require us to team, and thus share in revenues, with another larger prime contractor to be successful in winning**. Federal agencies and certain large customers can unexpectedly terminate their contracts with us at any time without penalty. All of our government contracts, including but not limited to the DHS IDIQ, contain a standard clause which allows the government to cancel our contract for convenience without penalty. In addition, our contracts with the federal government permit the governmental agency to modify, curtail or terminate the contract at any time for the convenience of the government. Some of our commercial contracts with large enterprises also contain contract clauses that include the ability to cancel a contract for convenience by the customer for convenience with limited advance notice and without significant penalty. Termination, delay or modification of a contract by any large government or commercial customer could result in a loss of expected revenues and additional expenses for staff that were allocated to that customer' s project. We could be required to maintain underutilized employees who were assigned to the terminated contract or we could ultimately lose the subject matter expertise for that contract and be required to retain more expensive staffing resources to perform the contract when it resumes. The unexpected cancellation or significant reduction in the scope of any of our large projects could have an immediate material adverse effect on our business, financial condition and results of operations. Our inability to accurately price and sell our product offerings at an acceptable profit margin that customers are willing to pay will have a negative impact on our business that could extend for a number of years. Most of our contracts with customers have terms of three (3) to five (5) years, with optional additional renewal periods. Our government contracts generally consist of a base period award with 4 option periods depending on the needs of the agency issuing the contract award. Our commercial contracts have contractual terms of 3 or more years with automatic annual renewals in most cases. Most of our contracts are offered at firm fixed price per performance obligation such as price per unit managed. Due to the long- term nature of our firm fixed price contracts, any failure on our part to accurately define the scope of work and properly manage scope creep, properly price our products to match the customer' s operating environment to properly factor in inflation and labor costs, or to effectively manage our costs to deliver against these performance obligations could have an adverse negative impact to our financial position and results of operations over a number of years. Accordingly, we may be unable to pass on the recent increases in costs for labor and supplies as a result of general inflationary conditions **or tariffs** to such customers. Additionally, our failure to complete our contractual performance obligations in a manner consistent with the contract could adversely affect our overall profitability and could have a material adverse effect on our business, financial condition and results of operations. If we fail to effectively manage and develop our strategic relationships with key systems integrators, or if those third parties choose not to market and sell our TMaaS offering, our operating results would suffer. The successful implementation of our strategic goals is dependent in part on strategic relationships with key systems integrators and other strategic partners. While our relationships with key systems integrators and other strategic partners is relatively a new strategy, we believe that our business relationship is strong and continuing to grow and we believe that our key systems integrators and other strategic partners will continue to support the inclusion of our TMaaS offering as part of their overall technology solution offering. Some of our strategic relationships are relatively new and, therefore, it is uncertain whether these third parties will be able to market and sell our solution successfully or provide the volume and quality of customers that we believe may exist. If we are unable to manage and develop our strategic relationships, the growth of our customer base may be harmed and we may have to devote substantially more resources to the distribution, sales and marketing of our solution, which would increase our costs and decrease our earnings. The loss of key personnel or an inability to attract and retain additional personnel may impair our ability to grow our business. We are highly dependent upon the continued service and performance of our key executives, operational managers and subject matter experts to run our core operations. The replacement of these individuals likely would involve expenditure of significant time and financial resources, and their loss might significantly delay or prevent the achievement of our business objectives. We do not maintain key person life insurance with respect to any of our key executives and subject matter experts. We plan to continue to replenish our ranks with the best available talent to optimize our workforce to do more with less resources. We face intense competition for qualified individuals from numerous consulting, technology, software and communications companies. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of qualified personnel to support our growth. New hires may require significant training and may take significant time before they achieve full productivity. If our recruiting, training and retention efforts are not successful or do not generate a corresponding increase in revenue, our business will be harmed. In addition, if our key employees resign from us or our subsidiaries to join a competitor or to form a competing company, the loss of such personnel and any resulting loss of existing or potential customers to any such competitor could have a material adverse effect on our business, financial condition and results of operations. Although we require certain of our employees to sign agreements prohibiting them from joining a

competitor, forming a competing company or soliciting our customers or employees for certain periods of time, we cannot be certain that these agreements will be effective in preventing our key employees from engaging in these actions or that courts or other adjudicative entities will substantially enforce these agreements. We provide minimum service-level commitments to many of our customers, and our inability to meet those commitments could result in significant loss of customers, harm to our reputation and costs to us. Many of our customer agreements currently, or may in the future, require that we meet minimum service level commitments regarding items such as platform availability, invoice processing speed and order processing speed. If we are unable to meet the stated service level commitments under these agreements, many of our customers will have the right to terminate their agreements with us and we may be contractually obligated to provide our customers with credits or pay other penalties. If our software products are unavailable for significant periods of time, we may lose a substantial number of our customers as a result of these contractual rights, we may suffer harm to our reputation, and we may be required to provide our customers with significant credits or pay our customers significant contractual penalties, any of which could harm our business, financial condition, results of operations. A global pandemic similar to the COVID 19 pandemic, or an epidemic, **impacting our** could have a material adverse impact on our business and operations. Pandemics have in the past adversely affected certain elements of our business and our operations due to quarantines, government orders and guidance, facility closures, illness, travel restrictions, implementation of precautionary measures and other restrictions applicable to us and our business partners. The COVID- 19 pandemic or another future pandemic or epidemic could lead to an extended disruption of economic activity and high unemployment levels, and disruption of the global supply chain, and as such, cause a material negative impact on our consolidated results of operations, financial position and cash flows. Our long-term success in our industry depends, in part, on our ability to expand the sales of our solutions to customers located outside of the United States, and thus our business is susceptible to risks associated with international sales and operations. We may ~~to~~ expand the international sales and operations of our portfolio of solutions. This international expansion will subject us to new risks that we have not faced in the United States. These risks include: · geographic localization of our software products, including translation into foreign languages and adaptation for local practices and regulatory requirements; · lack of familiarity with and unexpected changes in foreign regulatory requirements; · longer accounts receivable payment cycles and difficulties in collecting accounts receivable; · difficulties in managing, staffing and overseeing international implementations and operations, including increased reliance on foreign subcontractors; · challenges in integrating our software with multiple country-specific billing or communications support systems for international customers; · challenges in providing procurement, help desk and fulfillment capabilities for our international customers; · fluctuations in currency exchange rates; · potentially adverse tax consequences, including the complexities of **transfer pricing**, foreign value added or other tax systems and restrictions on the repatriation of earnings; · the burdens of complying with a wide variety of foreign laws and legal standards; · increased financial accounting and reporting burdens and complexities; · potentially slower adoption rates of communications management solutions services internationally; · political, social and economic instability abroad, terrorist attacks and security concerns in general; and · reduced or varied protection for intellectual property rights in some countries. Operating in international markets also requires significant management attention and financial resources. The investment and additional resources required to establish operations and manage growth in other countries may not produce desired levels of revenue or profitability. We may be unable to successfully acquire complementary businesses, services or technologies to support our growth strategy. We have in the past and may in the future acquire or invest in complementary and supplementary businesses, services or technologies, ~~such as our acquisition in October 2021 of substantially all of the assets of IT Authorities, Inc.~~ Demand for businesses with credible business relationships and capabilities to provide services to large commercial enterprises and / or governmental agencies at the federal, state and local level is very competitive. To the extent that the price of such acquisitions may rise beyond reasonable levels where funding for such acquisitions is no longer available, we may not be able to acquire strategic assets. Further, these acquisitions, investments or new business relationships may result in unforeseen difficulties and expenditures. We may encounter difficulties assimilating or integrating the businesses, technologies, products, services, personnel or operations of companies we have acquired or companies that we may in the future acquire. These difficulties may arise if the key personnel of the acquired company choose not to work for us, the company's technology or services do not easily integrate with ours or we have difficulty retaining the acquired company's customers due to changes in its management or for other reasons. These acquisitions may also disrupt our business, divert our resources and require significant management attention that would otherwise be available for development of our business. Moreover, the anticipated benefits of any acquisition, investment or business relationship may not be realized or we may be exposed to unknown liabilities. In addition, any future acquisition may require us to: · issue additional equity securities that would dilute our stockholders; · use cash that we may need in the future to operate our business; · incur debt on terms unfavorable to us or that we are unable to repay; · incur large charges or substantial liabilities; or · be subject to adverse tax consequences, substantial **depreciation-amortization** or compensation charges. If any of these risks ~~materializes-~~ **materialize**, our business and operating results would be harmed. The emergence of one or more widely used, standardized communications devices or billing or operational support systems could limit the value and operability of our TMaaS solution and our ability to compete with the manufacturers of such devices or the competitors using such systems in providing similar services. Our TMaaS solution derives its value in significant part from our communications management software's ability to interface with and support the interoperation of diverse communications devices, billing systems and operational support systems. The emergence of a single or a small number of widely used communications devices, billing systems or operational support systems using consolidated, consistent sets of standardized interfaces for the interaction between communications service providers and their enterprise customers could significantly reduce the value of our solution to our customers and potential customers. Furthermore, any such communications device, billing system or operational support system could make use of proprietary software or technology standards that our software might not be able to support. In addition, the manufacturer of such device, or the carrier using such billing system or operational support system, might actively seek to limit the

interoperability of such device, billing system or operational support system with our software products for competitive or other reasons. The resulting lack of compatibility of our software products would put us at a significant competitive disadvantage, or entirely prevent us from competing, in that segment of the potential market if such manufacturer or carrier, or its authorized licensees, were to develop one or more communications management solutions competitive with our solution. A continued proliferation and diversification of communications technologies or devices could increase the costs of providing our software products or limit our ability to provide our TMaaS offering to potential customers. Our ability to provide our TMaaS offering is dependent on the technological compatibility of our products with the communications infrastructures and devices of our customers and their communications service providers. The development and introduction of new communications technologies and devices requires us to expend significant personnel and financial resources to develop and maintain interoperability of our software products with these technologies and devices. Continued proliferation of communications products and services could significantly increase our research and development costs and increase the lag time between the initial release of new technologies and products and our ability to provide support for them in our software products, which would limit the potential market of customers that we have the ability to serve and the financial feasibility of our TMaaS offering. If a communications carrier prohibits customer disclosure of communications billing and usage data to us, the value of our solution to customers of that carrier would be impaired, which may limit our ability to compete for their business. Certain of our information technology-based solutions software functionality and services that we offer depend on our ability to access a customer's communications billing and usage data. For example, our ability to offer outsourced or automated communications bill auditing, billing dispute resolution, bill payment, cost allocation and expense optimization depends on our ability to access this data. If a communications carrier were to prohibit its customers from disclosing this information to us, those enterprises would only be able to use these billing-related aspects of our solution on a self-serve basis, which would impair some of the value of our solution to those enterprises. This in turn could limit our ability to compete with the internally developed communications management solutions of those enterprises, require us to incur additional expenses to license access to that billing and usage data from the communications carrier, if such a license is made available to us at all, or put us at a competitive disadvantage against any third-party communications management solutions service provider that licenses access to that data.

RISKS RELATED TO BUSINESS WITH GOVERNMENT AGENCIES A government shutdown or changes in the spending policies or budget priorities of the federal government could cause us to lose revenues. We currently derive a majority of our annual revenues from contracts funded by federal government agencies. We believe that contracts with federal government agencies will continue to be a significant source of our revenues for the foreseeable future. Accordingly, shutdowns or changes in federal government fiscal or spending policies or **the changes in U. S. federal budget could directly affect our financial performance**. **Currently, it is uncertain whether the federal government spending cuts being implemented with the new U. S. Presidential administration and the newly formed Department of Government Efficiency (DOGE) will have a negative impact on our revenues from the federal government**. Among the factors that could harm our business are: · curtailment of the federal government's use of technology services firms; · a significant decline in spending by the federal government, in general, or by specific agencies such as the Department of Homeland Security; · reductions in federal government programs or requirements, including government agency shutdowns and / or reductions in connection with sequestration; · any failure to raise the debt ceiling; · government inability to approve a budget and operate under a "Continuing Resolution"; · a shift in spending to federal programs and agencies that we do not support or where we currently do not have contracts; · delays in the payment of our invoices by government payment offices; · federal governmental shutdowns, and other potential delays in the government appropriations process; · redirection of federal government funds to address priorities or unforeseen emergent events such as a pandemics, wars, etc., and · general economic and political conditions, including any event, such as the coronavirus, that results in a change in spending priorities of the federal government. These or other factors could cause federal government agencies and departments to delay payments owed for our services, to reduce their purchases under contracts, to exercise their right to terminate contracts, or not to exercise options to renew contracts, any of which could cause us to lose revenues. In addition, any limitations imposed on spending by U. S. government agencies that result from efforts to reduce the federal deficit, including as a result of sequestration or otherwise, may limit both the continued funding of our existing contracts and our ability to obtain additional contracts. **The newly formed Department of Government Efficiency (DOGE) could negatively impact our revenues from the government customers. The newly formed Department of Government Efficiency (DOGE) has implemented new policies and oversight mechanisms aimed at reducing federal expenditures, streamlining procurement, and increasing operational efficiency. DOGE has reduced the number of federal employees and agencies and continues to do so. As a government contractor, we believe we have saved, and continue to help save, our government customers money; however, our business operations, contract awards, and revenue streams are subject to DOGE actions, which may introduce material risks to our financial performance and strategic growth. In addition, DOGE could eliminate an agency that we work with, terminate persons with whom we have business relations with or cancel a contract with us. Any failure to comply with DOGE actions, shifts in federal procurement strategies, or budgetary reductions imposed by the agency could materially and adversely impact our financial results, competitive positioning, and overall business operations.** We may incur substantial costs in connection with contracts awarded through a competitive procurement process, which could negatively impact our operating results. Most if not all federal, state and local governments, as well as commercial contracts are awarded through a competitive procurement process that could be a year or more from the initial solicitation to final contract award. We expect that much of the business we seek in the foreseeable future will be awarded through competitive procedures and similar lengthy sales cycle. Competitive procurements impose substantial upfront costs and present a number of risks, including: · the substantial cost and managerial time and effort that we spend to prepare bids and proposals for contracts that may not be awarded to us; · requirements to register to conduct business in another state or country could increase our compliance costs; · requirements to post a bid guarantee or similar performance guarantee as part of a bid submission; and · the

expense and delay that we may face if our competitors protest or challenge contract awards made to us pursuant to competitive procedures, and the risk that any such protest or challenge could result in the resubmission of offers, or in termination, reduction, or modification of the awarded contract. The costs we incur in the competitive procurement process may be substantial and, to the extent we participate in competitive procurements and are unable to win particular contracts, these costs could negatively affect our operating results. For example, our DHS contract is up for renewal in November 2025 and we may be unable to **win** **rewind** such contract or may be required to **incur** **make** significant concessions in order to renew it. In addition, the General Services Administration multiple award schedule contracts, government- wide acquisitions contracts, blanket purchase agreements, and other indefinite delivery / indefinite quantity contracts do not guarantee more than a minimal amount of work for us, but instead provide us access to work generally through further competitive procedures. This competitive process may result in increased competition and pricing pressure, requiring that we make sustained post- award efforts to realize revenues under the relevant contract. Our failure to obtain and maintain security certifications and necessary security clearances may limit our ability to perform classified work directly for government customers as a prime contractor or subcontractor, which could cause us to lose business. Some government contracts require us to maintain both federal and industry recognized security certifications of our systems, facility security clearances, and require some of our employees to maintain individual security clearances. If we are unable to maintain security certifications of our systems, or our employees lose or are unable to timely obtain security clearances, or we lose a facility clearance, our customer may have the right to terminate the contract or decide not to renew it upon its expiration. As a result, to the extent we cannot obtain or maintain the required security certifications and clearances for a particular contract, or we fail to obtain them on a timely basis, we may not derive the revenues anticipated from the contract, which, if not replaced with revenues from other contracts, could harm our operating results. To the extent we are not able to obtain facility security clearances or engage employees with the required security clearances for a particular contract, we will be unable to perform that contract and we may not be able to compete for or win new contracts for similar work. Federal government contracts contain provisions giving government customers a variety of rights that are unfavorable to us, including the ability to terminate a contract at any time for convenience. Federal government contracts contain provisions and are subject to laws and regulations that provide government customers with rights and remedies not typically found in commercial contracts. These rights and remedies allow government customers, among other things, to: · terminate existing contracts, with short notice, for convenience, as well as for default; · reduce orders under or otherwise modify contracts; · for larger contracts subject to the Truth in Negotiations Act, reduce the contract price or cost where it was increased because a contractor or subcontractor during negotiations furnished cost or pricing data that was not complete, accurate, and current; · for GSA multiple award schedule contracts, government- wide acquisition agreements, and blanket purchase agreements, demand a refund, make a forward price adjustment, or terminate a contract for default if a contractor provided inaccurate or incomplete data during the contract negotiation process, or reduce the contract price under certain triggering circumstances, including the revision of pricelists or other documents · upon which the contract award was predicated, the granting of more favorable discounts or terms and conditions than those contained in such documents, and the granting of certain special discounts to certain customers; · terminate our facility security clearances and thereby prevent us from receiving classified contracts; · cancel multi- year contracts and related orders if funds for contract performance for any subsequent year become unavailable; · decline to exercise an option to renew a multi- year contract or issue task orders in connection with indefinite delivery / indefinite quantity contracts; · claim rights in solutions, systems, and technology produced by us; · prohibit future procurement awards with a particular agency due to a finding of organizational conflict of interest based upon prior related work performed for the agency that would give a contractor an unfair advantage over competing contractors or the existence of conflicting roles that might bias a contractor' s judgment; · subject the award of contracts to protest by competitors, which may require the contracting federal agency or department to suspend our performance pending the outcome of the protest and may also result in a requirement to resubmit offers for the contract or in the termination, reduction, or modification of the awarded contract; and · suspend or debar us from doing business with the federal government. If a federal government customer terminates one of our contracts for convenience, we may recover only our incurred or committed costs, settlement expenses, and profit on work completed prior to the termination. If a federal government customer were to unexpectedly terminate, cancel, or decline to exercise an option to renew with respect to one or more of our significant contracts, such as the DHS IDIQ, or suspend or debar us from doing business with the federal government, our revenues and operating results would be materially harmed. RISKS RELATED TO PRIVACY, CYBERSECURITY AND TECHNOLOGY Security breaches or cybersecurity events could result in the loss of customers and negative publicity and materially harm our business. Many of the services we provide involve managing and protecting information involved in sensitive or classified government functions. A security breach or cybersecurity event in one of these systems could cause serious harm to our business, damage our reputation, and prevent us from being eligible for further work on sensitive or classified systems for federal government customers. In addition, sensitive personal data could be illegally accessed and / or stolen through a cybersecurity event. We could incur losses from such a security breach that could exceed the policy limits under our insurance. Damage to our reputation or limitations on our eligibility for additional work resulting from a security breach in one of the systems we develop, install, and maintain could materially reduce our revenues. The US Federal Government and many states have enacted laws requiring companies to notify consumers of data security breaches involving their personal data. These mandatory disclosures regarding a security breach often lead to widespread negative publicity, which may cause our customers to lose confidence in the effectiveness of our data security measures. Any security breach or cybersecurity event, whether successful or not, would harm our reputation and could cause the loss of customers. Any of these events could have material adverse effects on our business, financial condition, and operating results. Actual or perceived breaches of our security measures, or governmental required disclosure of customer information could diminish demand for our solution and subject us to substantial liability. In the processing of communications transactions, we receive, transmit and store a large volume of sensitive customer information, including call records, billing records, contractual terms, and financial and

payment information, including credit card information, and we have entered into contractual obligations to maintain the confidentiality of certain of this information. Any person who circumvents our security measures could steal proprietary or confidential customer information or cause interruptions in our operations and any such lapse in security could expose us to litigation, substantial contractual liabilities, and loss of customers or damage to our reputation or could otherwise harm our business. We incur significant costs to protect against security breaches and may incur significant additional costs to alleviate problems caused by any breaches. In addition, if we are required to disclose any of this sensitive customer information to governmental authorities, that disclosure could expose us to a risk of losing customers or could otherwise harm our business. If customers believe that we may be subject to requirements to disclose sensitive customer information to governmental authorities, or that our systems and software products do not provide adequate security for the storage of confidential information or its transmission over the Internet or corporate extranets, or are otherwise inadequate for Internet or extranet use, our business will be harmed. Customers' concerns about security could deter them from using the Internet to conduct transactions that involve confidential information, including transactions of the types included in our solution, so our failure to prevent security breaches, or the occurrence of well-publicized security breaches affecting the Internet in general, could significantly harm our business and financial results. We may be liable to our customers for damages caused by our services or by our failure to remedy system failures. Many of our projects involve technology applications or systems that are critical to the operations of our customers' businesses. If we fail to perform our services correctly, we may be unable to deliver applications or systems to our customers with the promised functionality or within the promised time frame, or to satisfy the required service levels for support and maintenance. While we have created redundancy and back-up systems, any such failures by us could result in claims by our customers for substantial damages against us. Additionally, in the event we manage third party services on behalf of our customers and fail to execute ~~in on~~ approved changes requested by our customers it could result in claims asserted by our customers for substantial damages against us. Although we attempt to limit the amount and type of our contractual liability for defects in the applications or systems we provide, and carry insurance coverage that mitigates this liability in certain instances, we cannot be assured that these limitations and insurance coverages will be applicable and enforceable in all cases. Even if these limitations and insurance coverages are found to be applicable and enforceable, our liability to our customers for these types of claims could still exceed our insurance coverage and be material in amount and affect our business, financial condition and results of operations. Our ability to provide services to our customers depends on our customers' continued high-speed access to the internet and the continued reliability of the internet infrastructure. Our business depends on our customers' continued high-speed access to the internet, as well as the continued maintenance and development of the internet infrastructure. The future delivery of our solutions will depend on third-party internet service providers to expand high-speed internet access, to maintain a reliable network with the necessary speed, data capacity and security, and to develop complementary solutions and services, including high-speed modems, for providing reliable and timely internet access and services. All of these factors are out of our control. To the extent that the internet continues to experience an increased number of users, frequency of use, or bandwidth requirements, the internet may become congested and be unable to support the demands placed on it, and its performance or reliability may decline. Any internet outages or delays could adversely affect our ability to provide services to our customers. Defects or errors in our TMAaaS platform and / or processes could harm our reputation, impair our ability to sell our products and result in significant costs to us. A key part of our service delivery involves the use of internally developed software solutions. If our software solutions contain undetected defects or errors that affect our ability to process customer transactions, prepare reports and / or deliver our services in general it may result in a failure to perform in accordance with customer expectations and could result in monetary damages against us. Because our customers use our software products for important aspects of their businesses, any defects or errors in, or other performance problems with, our software products could hurt our reputation and may damage our customers' businesses. If that occurs, we could be required to issue substantial service credits that reduce amounts invoiced to our customers, lose out on future sales or our existing customers could elect to not renew their customer agreements with us. Product performance problems could result in loss of market share, failure to achieve market acceptance and the diversion of development resources from software enhancements. If our software products fail to perform or contain a technical defect, a customer might assert a claim against us for damages. Whether or not we are responsible for our software's failure or defect, we could be required to spend significant time and money in litigation, arbitration or other dispute resolution, and potentially pay significant settlements or damages. Assertions by a third party that our software products or technology infringes its intellectual property, whether or not correct, could subject us to costly and time-consuming litigation or expensive licenses. Although we believe that our services and products do not infringe on the intellectual property rights of others, infringement claims may be asserted against us in the future. There is frequent litigation in the communications and technology industries based on allegations of infringement or other violations of intellectual property rights. As we face increasing competition, the possibility of intellectual property rights claims against us may increase. These claims, whether or not successful, could: · divert management's attention; · result in costly and time-consuming litigation; · require us to enter into royalty or licensing agreements, which may not be available on acceptable terms, or at all; or · require us to redesign our software products to avoid infringement. As a result, any third-party intellectual property claims against us could increase our expenses and impair our business. In addition, although we have licensed proprietary technology, we cannot be certain that the owners' rights in such technology will not be challenged, invalidated or circumvented. Furthermore, many of our customer agreements require us to indemnify our customers for certain third-party intellectual property infringement claims, which could increase our costs as a result of defending such claims and may require that we pay damages if there were an adverse ruling related to any such claims. These types of claims could harm our relationships with our customers, may deter future customers from purchasing our software products or could expose us to litigation for these claims. Even if we are not a party to any litigation between a customer and a third party, an adverse outcome in any such litigation could make it more difficult for us to defend our intellectual property in any subsequent litigation in which we are a named party. We may be unable

to protect our proprietary software and methodology. Our success depends, in part, upon our proprietary software, methodology and other intellectual property rights. We rely upon a combination of trade secrets, nondisclosure and other contractual arrangements, and copyright and trademark laws to protect our proprietary rights. We generally enter into nondisclosure and confidentiality agreements with our employees, partners, consultants, independent sales agents and customers, and limit access to and distribution of our proprietary information. We cannot be certain that the steps we take in this regard will be adequate to deter misappropriation of our proprietary information or that we will be able to detect unauthorized use and take appropriate steps to enforce our intellectual property rights. Furthermore, statutory contracting regulations protect the rights of federal agencies to retain access to, and utilization of, proprietary intellectual property utilized in the delivery of contracted services to such agencies. We have attempted to put in place certain safeguards in our policies and procedures to protect intellectual property developed by employees. Our policies and procedures stipulate that intellectual property created by employees and its consultants remain our property. If we are unable to protect our proprietary software and methodology, the value of our business may decrease, and we may face increased competition.

RISKS RELATED TO REGULATION Our failure to comply with applicable laws and regulations could result in contract termination, price or fee reductions, or suspension or debarment from contracting with the government, each of which could lead to a material reduction in our revenue and earnings. We operate in a highly regulated environment and are subject to complex procurement laws and regulations. Numerous U. S. government agencies routinely audit and review government contractors. These agencies review a contractor's performance under its contracts and compliance with applicable complex procurement laws and regulations and standards. The U. S. government also reviews the adequacy of, and compliance with, internal control systems and policies, including the contractor's purchasing, property, estimating, material, earned value management and accounting systems. In some cases, audits may result in delayed payments or contractor costs not being reimbursed or repayment a variety of penalties. We must comply with laws and regulations relating to the formation, administration, and performance of federal government contracts, which affect how we do business with our federal government customers and may impose added costs on our business. Among the most significant laws and regulations are: the Federal Acquisition Regulation, and agency regulations analogous or supplemental to the Federal Acquisition Regulation, which comprehensively regulate the formation, administration, and performance of government contracts; the Truth in Negotiations Act, which requires certification and disclosure of all cost or pricing data in connection with some contract negotiations; the Cost Accounting Standards, which impose cost accounting requirements that govern our right to reimbursement under some cost-based government contracts; and laws, regulations, and executive orders restricting the use and dissemination of information classified for national security purposes and the exportation of specified solutions and technical data. If an audit or government review or investigation uncovers improper or illegal activities, we may be subject to civil and/or criminal penalties and administrative sanctions, including the termination of our contracts, the forfeiture of profits, the suspension of payments owed to us, fines, and our suspension or debarment from doing business with federal agencies. In addition, reputational harm could result if allegations of impropriety were made. In some cases, audits may result in disputes with the respective government agencies that can result in negotiated settlements in order to get a false or fraudulent claim paid or approved by the government. Actions under the civil False Claims Act may be brought by the government or by other persons on behalf of the government. These provisions of the civil False Claims Act permit parties, including our employees, to sue us on behalf of the government and share a portion of any recovery. Moreover, new or standards, or changes to existing ones, can increase our performance and compliance costs and reduce our revenue and earnings. The adoption of new procurement laws or regulations could reduce the amount of services that are outsourced by the federal government and cause us to experience reduced revenues. New legislation, procurement regulations, or labor organization pressure could cause federal agencies to adopt restrictive procurement practices regarding the use of outside service providers. The American Federation of Government Employees, the largest federal employee union, strongly endorses legislation that may restrict the procedure by which services are outsourced to government contractors. One such proposal, the Truthfulness, Responsibility, and Accountability in Contracting Act, would have effectively reduced the volume of services that is outsourced by the federal government by requiring agencies to give in-house government employees expanded opportunities to compete against contractors for work that could be outsourced. If such legislation, or similar legislation, were to be enacted, it would likely reduce the amount of IT services that could be outsourced by the federal government, which could materially reduce our revenues. Unfavorable government audit results could subject us to a variety of penalties and sanctions, and could harm our reputation and relationships with our customers. The federal government audits and reviews our performance on contracts, pricing practices, cost structure, and compliance with applicable laws, regulations, and standards. Like most large government contractors, our contracts are audited and reviewed on a regular basis by federal agencies, including the Defense Contract Audit Agency. An unfavorable audit of us, or of our subcontractors, could have a substantial adverse effect on our operating results. For example, any costs that were originally reimbursed could subsequently be disallowed. In this case, cash we have already collected may need to be refunded. If a government audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines, and suspension or debarment from doing business with U. S. government agencies. In addition, we could suffer serious harm to our reputation if allegations of impropriety were made against us, whether true or not true.

RISKS RELATED TO OUR SECURITIES AND CAPITAL STRUCTURE Our common stock price has been volatile and is likely to be volatile in the future. The stock market has, from time to time, experienced extreme price and volume fluctuations. The market prices of the securities of companies in our industry have been especially volatile. Broad market fluctuations of this type may adversely affect

the market price of our common stock. The market price of our common stock has experienced, and may continue to be subject to volatility due to a variety of factors, including: · public announcements concerning us, our competitors or our industry; · externally published articles and analyses about us by retail investors and non- analysts; · changes in analysts' earnings estimates; · information in third party chat rooms, third party publications and social media outlets; · the failure to meet the expectations of analysts; · fluctuations in operating results; · additional financings or capital raises; · introductions of new products or services by us or our competitors; · announcements of technological innovations; · additional sales of our common stock or other securities; · trading by individual investors that causes our stock prices to straddle at a low price for prolonged periods of time; · our inability to gain market acceptance of our products and services; · general economic conditions and events, including adverse changes in the financial markets, terrorist attacks, health pandemics, government shutdowns, war, adverse weather events and other disasters; and · Impairment of goodwill resulting from the fair value of our single reporting unit below its carrying value. In the past, some companies that have experienced volatility in the market price of their stock have been the object of securities class action litigation. If we were the object of securities class action litigation, we could incur substantial costs and experience a diversion of our management' s attention and resources and such securities class action litigation could have a material adverse effect on our business, financial condition and results of operations. The future sale of shares of our common stock may negatively affect our common stock price and / or be dilutive to current stockholders. If we or our stockholders sell substantial amounts of our common stock, the market price of our common stock could fall. Such stock issuances may be made at a price that reflects a discount from the then- current trading price of our common stock. These issuances would dilute our stockholders percentage ownership interest, which would have the effect of reducing our stockholders' influence on matters on which our stockholders vote, and might dilute the book value of our common stock. There is no assurance that we will not seek to sell additional shares of our common stock in order to meet our working capital or other needs in a transaction that would be dilutive to current stockholders. A third party could be prevented from acquiring shares of our common stock at a premium to the market price because of our anti- takeover provisions. Various provisions of our certificate of incorporation, by- laws and Delaware law could make it more difficult for a third party to acquire us, even if doing so might be beneficial to you **WidePoint** and our other stockholders. We are subject to the provisions of Section 203 of the General Corporation Law of Delaware. Section 203 prohibits a publicly held Delaware corporation from engaging in a “ business combination ” with any interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A “ business combination ” includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an “ interested stockholder ” is (i) a person who, together with affiliates and associates, owns 15 % or more of our voting stock or (ii) an affiliate or associate of ours who was the owner, together with affiliates and associates, of 15 % or more of our outstanding voting stock at any time within the 3- year period prior to the date for determining whether such person is “ interested. ” Our certificate of incorporation also provides that any action required or permitted to be taken by our stockholders at an annual meeting or special meeting of stockholders may be taken without such meeting only by the unanimous consent of all stockholders entitled to vote on the particular action. In order for any matter to be considered properly brought before a meeting, a stockholder must comply with certain requirements regarding advance notice to us. The foregoing provisions could have the effect of delaying until the next stockholders' meeting stockholder actions, which are favored by the holders of a majority of our outstanding voting securities. These provisions may also discourage another person or entity from making a tender offer for our common stock, because such person or entity, even if it acquired a majority of our outstanding voting securities, would be able to take action as a stockholder (such as electing new directors or approving a merger) only at a duly called stockholders' meeting, and not by written consent. The General Corporation Law of Delaware provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation' s certificate of incorporation or bylaws, unless a corporation' s certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our certificate of incorporation and bylaws do not require a greater percentage vote. Our board of directors is classified into three classes of directors, with approximately one- third of the directors serving in each such class of directors and with one class of directors being elected at each annual meeting of stockholders to serve for a term of three years or until their successors are elected and take office. Our bylaws provide that the board of directors will determine the number of directors to serve on the board. Our board of directors presently consists of **five four** members. Our certificate of incorporation and bylaws contain certain provisions permitted under the General Corporation Law of Delaware relating to the liability of directors. The provisions eliminate, to the fullest extent permitted by the General Corporation Law of Delaware, a director' s personal liability to us or our stockholders with respect to any act or omission in the performance of his or her duties as a director. Our certificate of incorporation and bylaws also allow us to indemnify our directors, to the fullest extent permitted by the General Corporation Law of Delaware. Our bylaws also provide that we may grant indemnification to any officer, employee, agent or other individual as our Board may approve from time to time. We believe that these provisions will assist us in attracting and retaining qualified individuals to serve as directors. We do not expect to declare any dividends in the foreseeable future. We do not anticipate declaring any cash dividends to holders of our common stock in the foreseeable future. Consequently, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock.

We have identified material weaknesses in our internal control over financial reporting. If our remediation of these material weaknesses is not effective, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company' s annual or interim

financial statements will not be prevented or detected on a timely basis. During our 2024 year- end closing process, we identified deficiencies related to the revenue recognition process for government contracts, specifically in the estimation of unbilled amounts related to a large government agency. During the assessment process, we identified additional deficiencies in the design of controls over the monitoring of evolving circumstances that require specific, customer level analysis relating to revenue recognition. This deficiency led to errors in the timing of revenue that required adjustment during the year- end close. As a result of these deficiencies, we identified material weaknesses in our internal control over financial reporting, which have not been remediated to date. If we fail to effectively remediate the material weaknesses in our internal control over financial reporting, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls when required to do so in the future, we may be unable to accurately or timely report our financial condition or results of operations. In addition, if we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, when required, investors may lose confidence in the accuracy and completeness of our financial reports, we may face restricted access to the capital markets and our stock price could be adversely affected.