REFINITIV

DELTA REPORT

10-K

LINK - INTERLINK ELECTRONICS INC

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	2538
CHANGES	256
DELETIONS	946
ADDITIONS	1336

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2022 2023

OR

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

For the transition period from __________________ to ______________________.

Commission file number 001-37659

INTERLINK ELECTRONICS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**77-0056625**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Jenner, 15707 Rockfield Boulevard, Suite 200 105	
Irvine, CA	**92618**
(Address of principal executive offices)	(Zip Code)

(805) 484-8855

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.001 par value per share	**LINK**	**The Nasdaq Stock Market LLC**

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2022 June 30, 2023, the aggregate market value of the voting and non-voting common equity held by non-affiliates was $9,416,239, $12,715,835, based on the closing price on that date.

As of March 29, 2023 March 25, 2024, the registrant had 6,609,798 9,860,355 shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and information in this Annual Report on Form 10-K may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “plan,” “expect” and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. These forward-looking statements may include, but are not limited to, statements concerning the following:

- the impact of the coronavirus or COVID-19 pandemic on our worldwide operations and those of our business partners;
- our ability to fund our planned operations and implement our business plan;
- our future financial and operating results;
- our plans regarding future financings;
- our plans regarding the use of proceeds from our equity any financings and the expected duration of our capital resources;
- our plans regarding future financings;
- our hiring plans;
- our business strategy;
- our intentions, expectations and beliefs regarding anticipated growth, market penetration and trends in our business;
- our dependence on growth in our customers’ businesses;
- the effects of market conditions on our stock price and operating results; price;
- the impact on our operating results from changes in market conditions for our products;
- our ability to maintain our competitive technological advantages against competitors in our industry and the related costs associated with defending intellectual property infringement and other claims;
- our ability to timely and effectively adapt our existing technology to changing market conditions and have our technology solutions gain market acceptance;
- our ability to introduce new products and bring them to market in a timely manner;
- our ability to maintain, protect and enhance our intellectual property;

- our expectations concerning our relationships with our customers and other third parties and our customers' relationships with their manufacturers;
- the attraction and retention of qualified employees and key personnel;
- the effects of increased competition in our market markets and our ability to compete effectively;
- future acquisitions of or investments in complementary companies or technologies; technologies and our ability to integrate any such acquisitions; and

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- our ability to comply with evolving legal standards and regulations, particularly concerning requirements for being a public company and United States export regulations.

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These forward-looking statements speak only as of the date of this Form 10-K and are subject to uncertainties, assumptions and business and economic risks. As such, our actual results could differ materially from those set forth in the forward-looking statements as a result of the factors set forth below in Part I, Item 1A, "Risk Factors," and in our other reports filed with the Securities and Exchange Commission, or SEC. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed described in forward-looking statements in this Form 10-K may not occur, and actual results could differ materially and adversely from those anticipated or implied in our forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances described in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Form 10-K to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed with the SEC as exhibits hereto with the understanding that our actual future results and circumstances may be materially different from what we expect.

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PART I

ITEM 1. BUSINESS

Our Company

Interlink Electronics, Inc. (“we”, “us”, “our”, “Interlink” or the “Company”) operates is a global sensor and printed electronics company operating in two principal sensor technology divisions: force-sensing resistors/Human Machine force/touch sensors, and gas and environmental sensors. Our force/touch sensors, including our Force-Sensing Resistor (“FSR®”) technology and related technologies, and our membrane keypads, graphic overlays and printed electronics, are used extensively in Human-Machine Interface (“HMI”) technology devices. Our gas and gas-sensing technology. environmental sensors and instruments are used in environmental and air quality monitoring across a broad range of applications.

Force-Sensing Resistors Force/Touch Sensors. We design, develop, manufacture and sell a range of force-sensing technologies that incorporate our proprietary materials technology, firmware and software into a portfolio of standard products and custom solutions. These include sensor components, subassemblies, modules and products that support effective, efficient cursor control and novel three-dimensional user inputs. Our Human Machine Interface (“HMI”) HMI technology platforms are deployed in a wide range of markets, including consumer electronics, automotive, industrial and medical. The application of our HMI technology platforms includes vehicle entry, vehicle multi-media control interface, rugged touch controls, presence detection, collision detection, speed and torque controls, pressure mapping, biological monitoring and others. Additionally, through our acquisition of Calman Technology Limited in March 2023, we offer customized membrane keypads, graphic overlays, printed electronics and industrial label products for use in a wide range of fields, from industrial instrumentation, process control and monitoring to medical and diagnostic devices and defense systems. With over 25 years as a leading HMI provider, Calman Technology has developed to also become a specialized provider of printed electronics for the medical sector in the UK and Europe.

Interlink has been a leader in the printed electronics industry for over 35 nearly 40 years with the commercialization of our patented Force-Sensing Resistor (“FSR®”) FSR® technology that has enabled rugged and reliable HMI solutions. Our applications and solutions have focused on handheld user input, menu navigation, cursor control, and other intuitive interface technologies for the world’s top electronics manufacturers.

We invented FSR® FSR® technology and pioneered commercialization of printed electronics manufacturing, paving the way for industry-wide adoption of force-sensing technology. Our extensive knowledge and experience with this technology, along with the firmware we incorporate in our HMI solutions, differentiates us from other providers of HMI solutions. We, along with our customers, incorporate our FSR® FSR® and force-sensing sensors and modules into end-user products. Our sensors and modules are used in electronics devices and systems where user input must be converted into useful output data. Our force-sensing technology solution platforms enable industry-first implementations in gaming, smartphone, rugged notebook, automotive cockpit and automotive entry applications. Consumer and end-user demand for enhanced user experience is driving the need for innovative multi-modal HMI technologies and applications. Force-sensing input provides a critical novel modality that drives a paradigm shift in HMI.

The market is increasingly requiring innovative solutions that enable smaller, thinner devices, lower power consumption, highly refined designs, better navigation and more intuitive usability in all environments, which and the need for these solutions is driving increased demand for our products. High-tech products are moving towards the use of multi-modal HMI in the home, industrial, medical and automotive spaces. Interlink delivers cutting edge, high performance cutting-edge, high-performance HMI solutions for customers who wish to replace outdated switches and knobs in these environments.

Significant market opportunities are rapidly emerging for us to improve upon the functionality of standard capacitive sensors which are widely available and competitively priced. Inadvertent activation, where users unintentionally activate a control, is a common problem with capacitive technology. In contrast, force-sensing solutions require a deliberate application of force to operate. We have had success in using our force-sensing solutions in combination with capacitive technologies to minimize the latter’s performance issues, enabling force-sensing solutions to complement competitive technologies and provide hybrid solutions and open up new opportunities for growth. We At the same time, we continue to simultaneously expand our standard product portfolio and develop new technology platforms to grow existing markets and capture emerging markets.

We have recently added a range of standard piezoelectric sensor products which are used as dynamic strain gauges and vibration sensors. These sensors are thin, flexible and light-weight while also being extremely rugged and durable. We possess deep domain knowledge about how to integrate these into custom applications and have developed machine learning and artificial intelligence to make information-rich data available to our customers for their unique and innovative applications. Our piezoelectric sensor solutions

can be used in force-sensing, impact and vibration detection, contact microphones, air/liquid flow detection, ultrasonic transducers and many other settings. They have applications in medical vital sign monitoring, industrial solid-state switches, structural health and condition monitoring, touch and tactile sensing and motion sensing amongst others.

This portfolio expansion will incorporate other complimentary sensing technologies. This broader portfolio of technologies and will allow us to use our expertise in integrating multiple sensing technologies for applications in the rapidly growing Internet-of-Things ("IoT"). We have already begun integrating our force sensing technology into our recently acquired membrane keypad product line to create unique solutions not offered by others in this market.

Gas-Sensing Technology Gas and Environmental Sensors. We entered the gas-sensing gas and environmental sensing market in 2022 through our acquisition in December 2022 of the business assets of SPEC Sensors, LLC ("SPEC") and KWJ Engineering, Inc. ("KWJ"), early pioneers in miniaturized, low-cost gas-sensing technologies, for approximately $2.2 million. Through these divisions (collectively, "SPEC-KWJ"), we gas and environmental sensing technologies. We now offer electrochemical gas-sensing technology products and solutions for industry, community, health and home, with uses in fields such as carbon monoxide and ozone detection safety, personal wellness and air quality monitoring.

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Our SPEC-KWJ division operates gas and environmental sensors operations focus on three primary business activities:

- ***Proprietary Product Lines***. We provide an extensive line of miniature, low-power, robust electrochemical sensor elements for detecting several common as well as complex gaseous compounds. These sensors are most suited for consumer and commercial IoT applications, as well as industrial and other demanding usage scenarios. Additionally, we offer our own line of full-function instruments, including, for example, Eco Sensors™ ozone monitors; an inline monitor for carbon monoxide and other gases; a low-pressure alarm to notify users when tanks for life-critical gases such as oxygen and nitrogen need to be replenished; and sensor modules for air quality monitoring in "smart city" projects and IoT applications.

- ***Custom Design and Engineering***. For customers requiring specialized design and engineering work on new products incorporating gas-sensing, gas and environmental sensing, we offer custom-built sensors and modules, circuit design and optimization, advanced characterization and compensation techniques, development of operating firmware and algorithms, enclosure design and implementation, and testing and calibration. Examples include the world's first carbon monoxide shutoff for portable generators and a rapid transdermal alcohol detector that can serve as a barrier to starting a vehicle while intoxicated.

- ***SBIR Awards In-House R&D***. We have been successful in obtaining Small Business Innovation Research ("SBIR") grants from government agencies such as the NIH, the USDA, the NSF and the EPA that have enabled us to conduct research and development and develop new products. For example, SPEC's Screen Printed Electrochemical Sensor technology was developed in part under NSF Phase I, II and IIB grants. Recent SBIR-funded projects include wildland fire wildfire air pollution monitoring and firefighter safety devices, transdermal blood alcohol monitors, and a simple lead test for drinking water safety.
- ***Proprietary Product Lines***. We offer our own line safety, and a grant to enable large-scale, mass-manufacturing of instruments including Eco Sensors ozone monitors, printed electrochemical gas sensors. Our team of in-house scientists has an inline monitor established track record in winning awards for CO this advanced research and other gases, a low-pressure alarm we continue to notify users when tanks submit proposals for life-critical gases such as oxygen and nitrogen need to be replenished, and sensor modules funding for air quality monitoring strategically relevant research projects that we could commercialize in "smart city" projects and IoT applications. Additionally, we provide a line of electrochemical sensors that are suited for wearable technology. the future.

The market for gas and environmental sensors is growing rapidly, driven by demand in a broad range of industries and the availability of smaller, lower-cost, connected sensors. On a worldwide basis, green initiatives and accompanying government mandates are driving demand for facilities monitoring, especially in the energy space where monitoring. Similarly, environmental regulations targeting increasingly target fugitive gas emissions will require expanded detection efforts. in the oil and gas (energy) space, where monitoring has become mandatory. Additionally, government and consumer demand for air quality information and pollution monitoring represent a significant opportunity for high performance, low-cost sensors and IoT devices as part of smart cities and smart homes. The growth of the hydrogen economy is expected to create a large need for hydrogen sensors that are low-cost, low-power and widely distributed, and our hydrogen sensor solutions are ideally suited to exploit this growing market. New applications in breath analysis and transdermal detection are also expected to create new opportunities in medical, law enforcement, commercial and consumer markets. Traditional safety and environmental monitoring markets are expected to grow with the reduction in size and cost of sensors and instruments, leading to larget larger networks of gas sensors improving that will improve the safety and performance of infrastructure. We believe we are positioned to take advantage of these trends with our proprietary, low-cost, low-power gas-sensing gas- and environmental-sensing technologies and deep domain expertise in instrument design and implementation.

Locations. Interlink serves We serve our world-wide customer base from our corporate headquarters in Irvine, California, (Orange County area), from our facility in Camarillo, California, (Ventura County), and from the SPEC-KWJ our facility in Newark, California (Silicon Valley area). We have established a Global Product

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Development and Materials Science Center in our Camarillo footprint that has a state-of-the-art printed electronics development laboratory as well as a materials science lab. Our force-sensing/HMI engineering team is based in this center where we work with our U.S. and global customers on developing, engineering, prototyping and implementing our advanced HMI and sensing solutions. The SPEC-KWJ gas and environmental technology engineering team is located at the Newark facility. We also maintain a small focused, embedded software and IoT application development center in Singapore, and we expect to launch an engineering, research and development center in the United Kingdom. Singapore. We manufacture all of our force-sensing/HMI products in our printed electronics manufacturing facility in Shenzhen, China, which has been and at the Calman facility in operation since 2006, Irvine, Scotland, and all of our gas-sensing gas and environmental sensing products at the SPEC-KWJ in our production facility in Newark. Newark, California. In addition, we maintain a global distribution and logistics center in Hong Kong, a technical sales office in Japan, and several manufacturer representatives and distributors in strategic locations in our key markets, all of which allows us to support our global customer base. We sell our products in a wide range of markets, including consumer electronics, automotive, industrial and medical. Our customers are some of the world's largest companies and most recognizable brands.

We were incorporated in California in 1985. In 1996, we re-incorporated into a Delaware corporation and, in 2012, we again changed our domicile from Delaware to Nevada by completing a merger with a newly formed Nevada corporation named Interlink Electronics, Inc.

Our principal executive office is located at 1 Jenner, 15707 Rockfield Boulevard, Suite 200, 105, Irvine, California 92618 and our telephone number is (805) 484-8855. Our website address is www.interlinkelectronics.com. Interlink makes available its annual financial statements, quarterly financial statements, and other significant reports and amendments to such reports, free of charge, on its website as soon as reasonably practicable after such reports are prepared. electronically filed with (or furnished to) the SEC.

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Our Industry

Force-Sensing and HMI Force/Touch Sensors. HMI technologies have been available since the early 1970's but were used almost exclusively in industrial products during the first 20 years of their existence. The introduction of touchpad mouse devices for laptop computers in the early 1990's 1990s represented the first significant transition of HMI technologies into the consumer electronics market. Personal devices utilizing touch-sensitive technology became ubiquitous in our daily human-machine interactions with the introduction in 2007 of smart phone smartphone technology incorporating capacitive touchscreens. As the smart phone smartphone became an integral part of consumers' daily lives throughout the world, it influenced consumers' expectations of how we should interact with all types of devices. Whether those devices are personal electronics, industrial and or medical equipment or automobiles, users of this equipment expect sleek, highly-functioning highly functioning design including touch-sensing technology. Consumers no longer want to push buttons or flip switches; rather, they expect smooth touch pads touchpads and gesture-driven input. Engineers are responding to this demand by incorporating touch-sensitive technology into a wide range of products, and any device that can utilize force force- and position sensing position-sensing inputs to control or enhance its functionality is a candidate for use of the technology.

Similarly, membrane keypads have been an established HMI technology since the early 1980s. Since then, they have become functionally denser with more switches per square inch and the integration of other interface features such as visual feedback via integrated LEDs and electro-luminescent light material. This has largely been driven by the incorporation of membrane keypads in hand-held devices where space is at a premium. Shifting more functionality to the slim keypad interface and away from the printed circuit boards on a device provides improved functionality and space saving benefits at a lower cost.

The products and solutions that we design, develop and manufacture for HMI and IoT applications are primarily printed electronic products. Printed electronics is an additive manufacturing technology used to create electrical devices on various substrates. For over 35 nearly 40 years, we have honed and developed the processes necessary to manufacture high quality printed electronic products for HMI applications. Printed electronic technologies are emerging as potential low-cost replacements to silicon-based electronics in many specific application areas. As reported by industry analyst group IDTechEx, printed force sensors alone already account for approximately 30% The majority of the current printed sensor market share, and by 2025, the projected market for all printed sensor components is expected to surpass $8 billion. According to the IDTechEx study *Printed, Organic and Flexible Electronics 2020-2030: Forecasts, Technologies, Markets*, the total market for printed, flexible, and organic electronics will grow from $41.2 billion in 2020 to $74 billion in 2030. The majority of that is OLEDs (organic but not printed) and conductive ink used for a wide range of applications; however, stretchable electronics, logic and memory technologies, and thin film sensors have huge growth potential. As a member of OE-A, the Organic and Printed Electronics Association, we actively influence and contribute to the global landscape of printed electronics.

IoT-enabled intelligent sensing applications are gaining rapid commercial attention. Our sensing technology platforms are capable of providing the critical backbone for data sensing, measurement and analytics used in emerging wireless connectivity implementations in both short-range low-power wireless communications such as Bluetooth and long-range ultra low-power ultra-low-power wireless communications such as LoRaWAN® LoRaWAN®.

Gas-Sensing Gas and Environmental Sensors Technology. The modern era of gas detection started in the 1920s with the development of the catalytic combustion sensor by Dr. Oliver Johnson, the father of KWJ's namesake Ken Johnson. Dr. Johnson also started what

is widely recognized as the first electronics company in Silicon Valley J-W Instruments, to commercialize the technology. technology, J-W Instruments. The market has consistently demanded innovations making to make gas sensors smaller and more portable, and KWJ-SPEC KWJ, SPEC and its their predecessors have been on the forefront; for example, KWJ's SPARROW SPARROW™ stands out in today's marketplace as the world's smallest Bluetooth low energy ("BLE")-enabled carbon monoxide monitor. Similarly, Dr. Jospeh Joseph Stetter, the inventor of SPEC's Screen Printed Electrochemical Sensor technology, was one of the first to design and build commercial electrochemical gas sensors, and today SPEC delivers one of the smallest electrochemical gas sensors on the market.

The gas-detection industry has traditionally revolved around safety applications in hazardous environments, from oil and gas facilities to coal mines and other confined spaces where toxic and combustible gases could cause catastrophic losses. Over time, devices became smaller and more portable, reflecting the need for better solutions to improve health and safety in the workplace, but for many years, gas-sensor technology lagged begind. behind. Most sensors used today are still relatively large or expensive or require too much power to operate to enable new applications in the field. SPEC's screen-printed sensors offer an alternative using proven electrochemical techniques with new materials and manufacturing techniques to produce sensors that offer high performance but at low cost and with a small footprint.

Today, the demand for gas and environmental sensors has expanded well beyond traditional applications, with new industries requiring solutions from breath analysis to food transport and storage to wearable monitors for air quality and transdermal detection. Government and consumers are looking for information about their environment as the negative impact of global pollution, including greenhouse gas emissions, has become apparent. Gas sensors are a core element of many IoT applications and a critical part of the vision of a sensor-driven society where new technologies enable improved monitoring to enhance lives and protect the planet. We see SPEC's printed sensor technology as a pathway to ubiquitous environmental sensing where low-power, low-cost sensors can provide a hyper-local picture of the air we breathe in our everyday lives, not just for those in industrial settings.

Our Strategy

Our primary objective is to be the global leader and provider of multi-sensing based HMI technology and gas-sensing solutions for the automotive, consumer electronics, medical, automotive, industrial automation, medical, and environmental monitoring markets. We also intend to utilize our role as a disruptive technology provider to bring our HMI and gas-sensing solutions to new markets. To achieve our strategy, we intend to:

- ***Expand our presence in the markets we occupy***. We will continue to identify and exploit new opportunities in the markets we occupy and in adjacent markets by leveraging our demonstrable success in the solutions we are providing today.

- ***Expand into new and emerging markets***. We are bringing our highly-successful highly successful product lines and technologies to markets previously unaware of the opportunities provided by force-sensing, force/touch-sensing, gas-sensing and related technology solutions.

- ***Expand our presence with our current customers***. We work with some of the world's largest companies and most recognizable brands and provide second and third generation turn-key solutions to meet their technology needs. We will continue to develop these existing relationships by working closely with our customers to understand how we can support their product and technology strategies and continue to be a trusted advisor.

- ***Pursue a multi-technology roadmap***. We utilize multiple technologies in our HMI solutions, and we will continue to invest in research and development ("R&D") &D and expand our product and services offerings to include resistive, piezo, capacitive and other emerging touch and sensing technologies. These will enable us to integrate our solutions and create the smart surfaces of the future. We believe there are significant opportunities to integrate our various touch and sensing technologies into one HMI platform to benefit our customers' continually evolving needs. These may include haptic technology to enhance the user experience of these next generation technologies. Similarly in our gas sensing business, we utilize electrochemical (EC), Metal Oxide (MOx), Micro Electro-Mechanical Systems (MEMS), along with electronics, software and communication technologies to deliver world-class sensing solutions for high performance applications.

- ***Pursue inorganic growth acquisition opportunities.*** In connection with our growth strategy, we will continue to evaluate potential acquisitions that provide us with relevant new technologies to add to our "technology toolbox." toolbox" and/or expand the customer base for our existing products and solutions.

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Our product development teams are skilled in concept definition, rapid prototyping, hardware and firmware development and integration support. Interlink benefits from its own world-class manufacturing facility facilities in Shenzhen, China, and Irvine, Scotland, and its advanced and proprietary KWJ-SPEC gas and environmental sensors production and development facility in Silicon Valley, allowing us to react quickly to customer needs while ensuring the highest quality standards. We also maintain a technical sales force that can address new and existing customer opportunities worldwide. Our teams engage early in the development phase with our customers and we provide critical design inputs to ensure the solutions developed address the customer's needs and meet their design goals and intent. We strive to solve our customers' problems.

Our Technology Platforms and Products

Force-Sensing Force/Touch Sensing Technology and HMI. Interlink was founded on the invention and commercialization of FSR® FSR® technology, the industry's first force-sensing solution using printed electronics manufacturing. As we transition from an FSR® FSR® sensor supplier to an HMI solutions provider, we pursue are pursuing and embrace embracing leading edge force-sensing and related technology platforms. Our embedded software materials science and engineering team located in Singapore, along with Camarillo, California, led by our VP of Engineering & Advanced Materials, and our expanding materials science and embedded software engineering team located in Camarillo, California, Singapore, are focused on strategic technology roadmaps, development of scalable technology platform architectures and pursuit of synergistic technology partnerships. We also expect to launch an engineering, research and development center in the United Kingdom. In an ever-changing and competitive landscape, we are committed to staying ahead of the technology curve.

The two primary types of user-input technologies common in today's devices are capacitive and resistive. Capacitive sensors are used in the touch screens found in most smart phones smartphones and similar devices used globally by millions of consumers. The most significant drawback to the capacitive technology is its inability to measure force, although there has been some progress recently in enhancing the technology with pseudo designed to mimic force-sensing. Capacitive sensors have become a high-volume, low-margin commodity product.

Our patented FSR® FSR® sensor technology consists of a bottom layer of conductor electrodes, a proprietary resistive material top layer and a separator between the two layers. An additional top layer that contains graphics and protects the sensor can also be added. FSR® FSR® sensors can be as thin as eight thousandths of an inch, making them particularly well suited for use where the design space is restricted, as in portable or wearable electronics. Our force-sensing technology enables the sensor to be used for continuously variable control functions. For example, in a pointing device, increased pressure can be used to produce faster cursor movement. Unlike

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capacitive devices, an FSR® FSR® sensor's performance is not impeded by the presence of moisture, dirt or dust, making the sensor suitable for use outdoors and in moist and other "hostile" environments. Our FSR® FSR® sensors have no moving parts, can be packaged in a sealed environment, and are lower power and less susceptible to false readings or unintended touches than capacitive sensors. Thanks to our optimized manufacturing processes developed over many years, we can produce easily customized, high-margin solutions for our customers.

Our piezoelectric sensors consist of an electroactive polymer which generates an electric charge when a mechanical stress or strain is applied. This polymer film can be as thin as 30 micrometers (less than half the thickness of a human hair). The electric charge generated can be accumulated, collected and used with specially printed electrodes on the surface of the thin film. The resulting transducers can be used as dynamic strain, vibration and force sensors. The sensors are unique in that they can also be operated in reverse whereby applying an electrical charge to the sensor can cause it to bend or deform. This deformation can be used to create polymeric actuators for haptic applications. Finally, these sensors can also generate an electrical charge when exposed to a temperature change. This effect is known as a pyroelectric effect. This characteristic can be used to create passive infra-red motion sensors where the emitted heat of a body in proximity to the sensor causes a change in temperature on the sensor surface and the resulting charge can be transduced and correlated to a motion event. These properties enable us to create thin, light-weight, and flexible dynamic strain gauges and vibration sensors. These sensors have a very broad frequency band and are suitable for many applications. They are extremely rugged and can be used for high impact force-sensing applications, and can also be implemented on large areas and curved surfaces. In addition, they have high voltage sensitivity and simple interface electronics. These transducers produce an information-rich signal, and it requires deep domain knowledge to successfully integrate these sensors.

We have developed sophisticated algorithms and firmware that allows our FSR® FSR® and piezo sensor technology to become a complete solution delivering effective HMI functionality to our customers. We are now also using machine learning and artificial intelligence to further enhance the user experience and provide compelling solutions for our customers.

The acquisition of Calman Technology has given us a manufacturing capability close to the UK and European markets, providing custom solutions in a broad range of sectors, including the medical and diagnostic sensor marketplace. The integration of our force-

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sensing technology into this capability is already underway and offers significant improvement in the design options available to our customers.

Our solutions fall into two categories, custom and standard:

Custom Solutions. Interlink offers We offer a comprehensive portfolio of standard solutions, from simple force and piezo sensors to multi-finger capable rugged trackpads. The largest part of our business, however, is the development and manufacture of custom solutions for our major customers. We offer full integration capability spanning initial concept to large volume large-volume manufacturing. Custom solutions can be a single- or multi-technology platform to meet customer requirements and include both input and output technologies. We also offer full embedded firmware development and integration support. In many instances, we work very closely with our OEM original equipment manufacturer ("OEM") partners from the concept phase to ensure that our solutions are successfully integrated.

Standard Solutions. Our portfolio of standard solutions includes:

- Our standard single zone FSR® single-zone FSR® sensors are the most versatile force-sensing technology on the market today. These innovative sensors provide an inverse change in resistance in response to an increase or decrease in applied force. These provide engineers and designers with a durable, reliable, easy to measure, easy to integrate, thin-form factor and low-cost solution for HMI touch solutions and analog data capture for machines. FSR® FSR® sensors are available in a range of sizes, shapes and lengths and with several connection options. We also now offer them in different force-sensing ranges, with the introduction of our FSR X® X® and FSR UX® UX® range of standard sensors. These new sensors were developed in our material science development lab.

- Force-sensing linear potentiometers ("FSLP") are sensors which can be used for menu navigation and control. Our use of force allows for high rate high-rate scrolling and a more intuitive user experience. The FSLP is an easy to integrate, high resolution, ultra-low-power based solution that brings intuitive user controls to reduced form factor hand-held consumer electronic devices. These sensors are available in multiple lengths. We also offer a ring sensor for full 360-degree position sensing. These All of our FSLP sensors are designed to be integrated into a device's host processor without the need for a dedicated microprocessor.

- Our integrated mouse modules and pointing solutions can add touchpad or 360-degree pointing control to virtually any electronic device. Ranging from simple mouse button integration to NEMA rated NEMA-rated (National Electrical Manufacturer Association) industrial pointing devices, these solutions are ideal for applications away from the desktop. The modules use FSR® FSR® technology and measurement firmware in a four-zone sensor or 4-wire resistive touchpad configuration along with a micro-controller to provide pressure sensitive cursor direction and speed control in a durable and easy to integrate form factor.

- Piezoelectric After initial product development activity in the area of piezoelectric film sensors are an upcoming addition to our standard sensor portfolio. After consisting of a highly successful custom implementation in automotive applications, we now have developed a set of standard piezo sensors as well as a development kit available for our customers to evaluate and development kit. test the capabilities and potential of this sensor solution. These sensors are polymeric piezoelectric sensors with a wide range of applications and uses such as dynamic strain gauges, impact/force sensors, vital signs sensors, motion sensors, vibration sensors, accelerometers, and solid state solid-state rugged switches. switches . Many of these diverse application modes require extensive domain knowledge for successful integration. We believe our Our expertise in this area will allow allows us to create high-margin custom solutions and be a trusted advisor to help our customers develop specialized solutions and solve their integration challenges.

Gas-Sensing Gas and Environmental Sensors Technology. Our gas-sensing gas and environmental sensing products and technologies are based on developing smaller, low-power, low-cost solutions to challenging applications in gas and environmental sensing. We Through our acquisitions of SPEC and KWJ, we combine a long history and deep domain knowledge with cutting-edge sensor technology and advanced instrumentation to make reliable products that also enable new applications for wireless and wearable gas sensing. Our engineering team includes five Ph.Ds PhDs in a broad range of disciplines from Chemical Engineering chemical engineering to Electrical Engineering electrical engineering and Physics. physics. We design and build all of our sensors and instruments in-house in Newark, California, and our facilities capabilities include proprietary high-volume electrochemical sensor manufacturing, device assembly and calibration, and advanced test and measurement capabilities. We partner with leading institutions such as Georgia Tech Institute of Technology and San Jose State University to develop novel technologies under government grants, while also performing new product development and engineering services for private partners that include companies ranging in size from startups and to Fortune 500 companies.

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Gas-sensor Gas and environmental sensor technologies are diverse and fragmented with devices and sensors focused on specific solitions solutions and applications. Electrochemical gas sensors are typically more sensitive and selective to particular gases and are inherently low power to operate. They are also typically very large, expensive and prone to short lifespans in the field. SPEC Sensors was created to address the growing market demand for smaller, lower cost, high performance electrochemical sensors for wireless, wearable and IoT applications, and we now combine proven electrochemical sensor technology with new materials and manufacturing methods to produce some of the smallest, thinnest, lowest cost gas sensors still capable of performing in demanding applications.

Our electrochemical gas-sensing technology products and solutions combine our innovations with custom electronics, as well as calibration and compensation techniques to deliver unique solutions and address needs in industry, community, health and home settings, with uses in fields such as carbon monoxide and ozone detection and air quality monitoring.

- Our Eco Sensors™ branded line of ozone monitors and detectors is the low-cost market leader in the space, incorporating state-of-the-art SPEC sensors to achieve reference-level accuracy at a low cost. Ozone is commonly used in a wide variety of commercial applications to clean, disinfect and remediate odors without the use of environmentally harmful chemicals. Ozone is a powerful oxidant that can be produced on site and dissipates into oxygen after reaction or its end of half-life. However, ozone is toxic to humans and can destroy materials at higher concentrations and therefore needs to be monitored during use for safety and process control. Under the Eco Sensors Sensors™ brand, we offer a full line of ozone instruments, including low cost low-cost handhelds, wall mount alarms, remote generator controllers and OEM modules.

- We offer a number of standard and custom solutions for in-line carbon monoxide monitoring for supplied breathing air applications. Designed to meet the requirements of OSHA the U.S. Occupational Safety and Health Administration monitoring for CO carbon monoxide in compressed gas lines and carrying CSA Canadian Standards Agency (CSA) approval, our CO carbon monoxide monitors offer a robust and reliable solution for medical gas verification and demanding supplied air applications such as sandblasting and painting. We also make low-pressure cylinder alarms and the world's smallest Bluetooth CO rechargeable Bluetooth-enabled carbon monoxide and harmful gas monitor, the SPARROW. SPARROW PROTECT+™.

- Our line of screen-printed electrochemical gas sensors offer offers high performance and a unique, small form factor at a low price. Our UL-2034 recognized CO carbon monoxide sensor offers air quality level sensitivity with an industry-leading 10-year lifetime. Additionally, we offer sensors for H2S, Ozone, NO2, SO2, Ethanol hydrogen sulfide, ozone, nitrogen dioxide, sulfur dioxide, ethanol, hydrogen, formaldehyde, ethylene, and VOC's, as well as new sensors for hydrogen and low-level outdoor CO. volatile organic compounds (VOCs) among others. We also sell gas-sensor modules that incorporate operating electronics and signal processing to deliver compensated PPM parts per million (PPM) output off the shelf.

Intellectual Property

We believe that intellectual property protection is crucial to our business. We business and to this end we rely on a combination of patents, copyrights, trade secrets, trademarks, nondisclosure agreements with employees and third parties, and licensing and other contractual agreements with third parties to protect our intellectual property. parties. We maintain and support an active program to protect our intellectual property primarily through the filing of patent applications and the defense of issued patents against infringement. We are not currently engaged in any patent infringement suits. We implement a ring-fencing strategy of patenting core technology platforms related to sensors, sensing systems and human interface HMI devices. This strategy is designed to provide a strong barrier against competition in our core sensor technologies while ensuring competitive advantages in applications of sensing systems and human machine interface HMI devices in the event a competitor successfully circumvents the core sensor patents.

Our failure to obtain or maintain adequate protection for our intellectual property rights for any reason could hurt our competitive position. There is no guarantee that patents will be issued from the patent applications that we have filed or may file. Our issued patents may be challenged, invalidated or circumvented, and claims of our patents may not be of sufficient scope or strength, or issued in the proper geographic regions, to provide meaningful protection or any commercial advantage. See "Risk Factors" under Item 1A of this Form 10-K for further discussion of the risks associated with patents and intellectual property.

Our FSR® FSR® sensors are manufactured using proprietary screen-printing techniques. All proprietary aspects of the our force-sensing technology manufacturing process are currently conducted in-house at our U.S., China and China Scotland manufacturing facilities to maintain quality and protect our force-sensing technology from infringement. While screen-printing is a common process in various industries, the quality and precision of printing, as well as the specific processes required to make high-quality FSR® FSR® sensors, require considerable domain knowledge expertise and know how. knowhow. We believe this expertise is difficult to replicate over the short term and, to our

knowledge, no unrelated party has done so. As a result, we consider this expertise to be one of our more important trade secrets. We require our employees to sign nondisclosure agreements and seek to limit access to sensitive information to the greatest practical extent.

As of December 31, 2022 December 31, 2023, we held twenty-four (24) patents and had sixteen (16) fourteen (14) patents pending. We group our patents into three general categories: sensors, which includes eight (8) patents expiring between 2024 and 2032; sensing systems, which includes five (5) patents expiring between 2029 and 2038; and human interface HMI devices, which includes eleven (11) patents expiring between 2024 and 2036. Our intellectual property strategy involves filing patent applications in our strategic focus markets on a regular basis. We have also strengthened our patent portfolio to align with rapidly emerging market opportunities in IoT and smart surfaces. Our For example, our sensor fusion platform portfolio, for example, enables strategic pre-positioning the capture of multi-sensing data, and using it in capturing intelligent multi-sensing applications including, for example, haptics. combination with haptics and wireless technology to transmit the data enables unique and innovative sensor applications. This will be further enabled by emerging ultra low-power advances in ultra-low-power wireless technologies including WiFi, BLE, LoRaWAN® LoRaWAN®, as well as cellular technologies such as LTE-M and NB-IoT.

Competition

The markets for our products, both in force-sensing/HMI force/touch-sensing and gas-sensing, gas/environmental-sensing, are highly competitive and subject to rapid advancement in design technology. We must identify and capture future market opportunities by developing and deploying value-added products.

We compete for market share based on our customers' selection of our components over our competitors during the design phase of their products. Our ability to compete is dependent on the needs of our customers, how well our products address those needs, our corporate relationships, and a variety of other factors.

In force-sensing/HMI, force/touch-sensing, we offer a disruptive technology that is replacing outdated and undesirable increasingly unpopular approaches including switch technology. We often must convince companies to abandon older, proven but less elegant technologies and adopt our solutions. This change is supported by significant end-user demand for touch-sensitive solutions. We also compete against the highly commoditized capacitive sensing technology. However, our solutions are focused on providing functionality in situations where capacitive is not the appropriate solution, is unreliable or entirely unavailable. Our hybrid sensor fusion solutions better address our customers' unique sensing and HMI challenges. Our broader toolbox of technologies, our proven track record, our collaborative design approach and our technical and engineering expertise significantly differentiate us from our competitors.

In gas-sensing, gas and environmental sensing, we offer sensors that are smaller, thinner, and lower cost lower-cost than those sold by most of our competitors, that who generally offer sensors in commoditized packages and standard connection pinouts. We are also capable of rapid customization of able to rapidly customize our sensors to meet the specific detection needs of our OEM customers, giving us an advantage in new and difficult applications and providing a better solution overall. We also combine our sensors with custom electronics, calibration and compensation techniques to enhance performance and provide plug-and-play solutions that reduce the customer's need to invest in calibration infrastructure. We maintain a market advantage in ozone sensing through our deep industry knowledge and advanced calibration and compensation. compensation techniques. Our in-line CO carbon monoxide monitors remain the industry standard for reliability and can garner a premium over the lower cost, lower quality products of our competitors. We believe that adding features such as connectivity and portability will enhance our offering and maintain our advantage in the future.

The markets for our products are characterized by significant price competition and we anticipate that our products will continue to face substantial pricing pressure. We believe that our strategy of developing and offering more sophisticated solutions, including smart surfaces for HMI applications and connected, cost-effective gas and environmental detection instruments, will enable us to maintain our leading edge over our competitors.

Sales and Marketing

We sell our products and solutions through our direct sales employees as well as outside sales representatives and distributors. We work directly with large multi-national multinational companies, small start-up companies, technology design houses and original equipment manufacturers ("OEMs"). OEMs. Our sales personnel have extensive engineering backgrounds and receive substantial support from our internal engineering resources. Sales frequently result from interactions between senior management, design engineers, procurement departments, and our sales personnel. We interact with our customers throughout the product development and order process. We maintain conduct our sales offices in activities from the U.S., Japan, China, and the United States and Japan. Kingdom. We use worldwide distributors, primarily utilize Digi-Key Electronics, based in Thief River Falls, Minnesota, as a global, for full-service distributor distribution of our

standard products. In addition to Digi-Key Electronics, we distribute gas-detection instruments through Grainger, Cole Parmer and other worldwide distributors, products, and we have representative companies located in key markets so we can provide local support to strategic customers in these regions.

Due to the technical nature of our products, the length of our sales cycle can vary from a few months to several years, and which requires continued participation from our sales, engineering and management teams. Our sales cycle for our custom solutions generally includes the following two phases:

Design Opportunity to Design Win

- Our sales and engineering team engages with the customer to establish the nature of the design and explore various technical applications that may fit the customer's need. needs.

- A customer might select one of our standard solutions or a custom design might be required to fulfill the customer's product needs. Custom solutions might require fees for engineering design fees and tooling costs. tooling.

- Product samples are provided to the customer and our team works with the customer them to ensure product performance and address customer needs and specifications.

- A firm commitment from a customer's engineering and/or purchasing organization or pre-production orders indicate a design win. In most cases, we are a sole-source supplier to our customer and cannot be easily and/or quickly replaced once the product goes into production. production, particularly in cases where the product requires governmental approval.

Mass Production

- Once the customer has chosen our solution, they may move their product into the production phase. It may take several months or more to go from design win to production. Product lifespan varies dramatically depending on the marketplace and product. Consumer electronics may have a lifespan of six months to five years, industrial and automotive applications may continue for three to ten years, and medical product lifespans may continue past 20 years.

Our Customers

Our customers include many of the world's leading electronics companies. They encompass large multi-national multinational organizations as well as start-ups, design houses, original design manufacturers, OEMs and universities. We supply some of the world's largest consumer electronics manufacturers, luxury and mid-market car companies, familiar names in the medical and industrial equipment markets, research engineers and designers entering the IoT market, and companies of all different sizes in other markets.

Our customers generally do not provide us with firm, long-term volume purchase commitments, opting instead to issue purchase orders that they can cancel, reduce, or delay at any time. In order to meet the expectations of our customers, we must provide innovative solutions on a timely and cost-effective basis. This requires us to match our design and production capacity with customer demand, manage inventory, maintain satisfactory delivery schedules, and meet performance goals.

Our customer base is widely dispersed geographically. Sales to customers located outside the United States have historically accounted for a significant percentage of our revenues, and we expect this to continue. On a bill-to basis, international International sales constituted 55% 52% and 71% 55% of our net revenues for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively, with sales in 2022 2023 to customers in Japan and China and Taiwan accounting for 24%, 15%, and 6% each representing 11% of net revenues, respectively. compared to representing 24% and 15%, respectively, in 2022. For the year ended December 31, 2023, we had three customers that each represented over 10% of our net revenues, compared to two in 2022.

Future sales of our products will be based on, among other elements, factors, expansion into adjacent markets, continued expansion of our product line, the acceptance of our product line, expansion into additional domestic and international markets, and our ability to maintain a competitive position against other technology providers.

For the year ended December 31, 2022, we had three customers that represented 24.9%, 17.8% and 9.3% of net revenues, respectively, and have been customers of ours for over 30 years, over 10 years, and over 10 years, respectively. These same three customers represented 14.7%, 9.4%, and 14.7% of net revenues for the year ended December 31, 2021.

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Manufacturing Operations and Principal Suppliers

We have our own modern manufacturing facility of approximately 14,476 square feet in Shenzhen, China that is ISO 9001, ISO 14001 and ISO 13485 certified. We plan to start the process of acquiring IATF 16949 certification as our automotive customer base expands. We also conduct manufacturing operations in our approximately 10,635 square-foot production facility in Newark, California and our approximately 9,800 square-foot manufacturing facility in Irvine, Scotland. We work hard to meet current environmental and sustainability standards required by our customers and legislation in various geographic markets. All products are RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) compliant. We also monitor all our suppliers as part of our suppliers efforts to ensure that eliminate conflict minerals are eliminated from our supply chain.

We purchase our materials from outside suppliers. We carefully select suppliers based on their ability to provide quality parts and components that meet technical specifications. We actively monitor these suppliers, but we are subject to substantial risks associated with the performance of our suppliers. their performance. We source certain of our components from single-suppliers, single-source suppliers, including multinational conglomerates Henkel, DuPont, Solvay, SABIC and 3M, which increases the risk of shortages and shipment delays and decreases our ability to negotiate with that supplier. Many of our products are subject to qualification testing and approval by our customers, which includes approval of the materials used in a customer's their product. These single-source materials, however, are available from other suppliers, and while their procurement from other sources likely would necessitate additional approvals from our customers and might result in short-term disruption to our business, we do have options to purchase single-sourced materials from alternative suppliers should the need arise.

Engineering, Research and Development

Rapid The markets for our products are characterized by rapid advancements in process technologies and increasing levels of functional integration characterize the market for our products. integration. We believe that our future success will depend largely on our ability to continue improving our products and our process technologies, and to develop or acquire new technologies.

In 2021, we launched We operate our new Global Product Development and Materials Science Center in Camarillo, California, where our VP of Engineering & Advanced Materials is located, along with other current and future resources. At this location, we focus on new product development including, among other areas, materials science and printed electronics. We also maintain a core embedded software engineering team in Singapore, and we expect to launch an engineering, research and development center in the United Kingdom. Singapore. We also operate an engineering center in our facility in Shenzhen, China, which is focused on sustaining engineering, customer support, quality control and new product introduction in our force-sensing/HMI business, and an engineering and R&D facility in Newark, California, focused on new product development, SBIR-funded research and quality control. control in our gas and environmental sensors business.

The global worldwide R&D team pursues scientific research, technology platform development and advanced product development in areas of materials science, printed electronics devices, gas and environmental sensors, and manufacturing processes, and multi-disciplinary system engineering. The global R&D centers support strategic partnerships with key partners in electronics manufacturing services, air and environmental quality monitoring, digital manufacturing, including 3D printing, and product development. This team also explores opportunities to work on government funded research projects that are aligned with our technology competencies.

Our Employees

As of December 31, 2022 December 31, 2023, we had 98 107 full-time employees worldwide. Our employees, listed in population size order from largest to smallest, are in the following departments: operations, R&D, administration, and sales. Our ability to attract and retain qualified personnel is essential to our continued success. None of our employees are represented by a collective bargaining agreement. We believe our employee relations are good.

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ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including our consolidated financial statements and related notes, before investing in our common stock. If any of the following risks materialize, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the price of our common stock could decline, and you could lose part or all of your investment.

Risks Specific to our Company

We have derived, and expect to continue to derive, a significant amount of revenue from a small number of customers.

Historically, we have earned, and believe that in the future we will continue to earn, a substantial portion of our revenue from a relatively small number of customers. In 2022, 2023, our top three customers accounted for 25% 22%, 18% 12% and 9% 10% of our net revenues, respectively. If we were to either lose one of our major customers or have a major customer significantly reduce its volume of business with us, our business, results of operations and financial condition would be harmed unless we are were able to replace such demand with other orders promptly. We expect to continue to be dependent on our major customers, the number and identity of which may change from period to period. Because our customers generally do not provide us with firm, long-term volume purchase commitments, our customers, including our largest customers upon whom we may become dependent, can reduce or terminate altogether their business with us at any time. time, whether because they choose an alternate supplier, see reduced demand for their products, or otherwise.

We rely on third parties for the materials that we use to manufacture our products, and a shortage of supply shortages and price increases could adversely affect our revenues, operating results and customer relationships.

We rely on third-party suppliers for the raw material components of our products. There are no assurances that our suppliers will be able to maintain an adequate supply of these raw materials to enable us to fulfill all of our customers' orders on a timely basis. A failure to obtain an adequate supply of the materials for our products could increase our costs (because purchases on the spot market would likely be more expensive), cause us to fail to meet delivery commitments and and/or cause our customers to purchase from our competitors, which could adversely affect our operating results and customer relationships. In some situations, we rely on a single supplier for raw material components of our products. Any disruption in these supplier relationships could prevent us from maintaining an adequate supply of materials and could adversely affect our results of operation and financial position.

Additionally, our sourcing operations may also be hurt by health concerns regarding the outbreak of viruses, widespread illness, infectious diseases, contagions and the occurrence of unforeseen epidemics (including the outbreak of the coronavirus and its potential impact on our financial results) in countries in which our products are manufactured. Moreover, negative press or reports about internationally manufactured products may sway public opinion, and thus customer confidence, away from our products. Furthermore, changes in U.S. trade policies, including new restrictions, tariffs or other changes, especially as regards China, could lead to additional costs, delays in shipments, embargos and other uncertainties that could negatively impact our relationships with our international suppliers and materially adversely affect our business. We experienced delays in the receipt of certain goods and the supply of our products from international and domestic shipping origins as a result of the COVID-19 pandemic and more general global supply chain constraints in fiscal 2021, and to a lesser extent in fiscal 2022. Depending on the continued extent and duration of these constraints and disruptions, our supply chain, results of operations (including sales) or future business may could be materially and adversely impacted. These and other issues affecting our international suppliers or internationally manufactured merchandise could have a material adverse effect on our business, results of operations and financial condition.

We do not have long-term fixed price contracts for the supply of our raw materials and components. Accordingly, increases in prevailing market prices (including due to increases in transportation, shipping and freight costs) would have an adverse effect on our operations to the extent we were unable to pass on increases to our customers.

In some situations, we rely on a single supplier for raw material components of our products. Any disruption in these supplier relationships could prevent us from maintaining an adequate supply of materials and could adversely affect our results of operation and financial position.

Disruptions in our manufacturing facilities or arrangements could cause our revenues and operating results to decline.

We manufacture of our products in Shenzhen, China China; Newark, California; and Newark, California. Irvine, Scotland. These facilities are vulnerable to damage from earthquakes, floods, fires, power loss and similar events. They could also be subject to break-ins, sabotage and intentional acts of vandalism. Our insurance may not cover such events and, if the event is covered, our insurance may not be sufficient to compensate us

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in full for any losses that may occur. Despite any precautions we may take, the occurrence of a natural disaster or other unanticipated problem at either any of our manufacturing facility facilities could result in delayed shipment of products, missed delivery deadlines and harm to our reputation, which may could cause our revenues and operating results to decline. Performance, reliability or quality problems with our products may could cause our customers to reduce or cancel orders, which would harm our operating results.

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We regularly introduce new products with new technologies or manufacturing processes. Our products have in the past contained, and may in the future contain, errors or defects that may be detected at any point in the life of the product. Detection of such errors could result in delays in shipping and sales during the period required to correct such errors.

Defects may also result in product returns, loss of sales and cancelled orders, delays in market acceptance, injury to our reputation, injury to customer relationships and increased warranty costs, which could have an adverse effect on our business, operating results and financial condition.

In addition, events beyond our control, such as disruptions in operations due to natural or man-made disasters, inclement weather conditions, accidents, system failures, power outages, political instability, (for example, the conflict between Russia and Ukraine), physical or cyber break-ins, server failure, work stoppages, slowdowns or strikes by employees, acts of terrorism, the outbreak of viruses, widespread illness, infectious diseases, contagions and the occurrence of unforeseen epidemics (including the outbreak of the coronavirus and its potential impact on our financial results) and other unforeseen or catastrophic events, could damage our manufacturing facilities or our vendors' fulfillment centers or render them inoperable, making it difficult or impossible for us or our vendors to process customer orders for an extended period of time. For example, in March 2022, China imposed a multi-day lockdown in the city of Shenzhen due to a rise in the number of coronavirus cases, which required factories to close and disrupted our manufacturing operations in that city; while China has now officially ended its “zero-COVID” policy, there can be no assurance that such a policy will not be reimposed at some time city. Armed conflicts in the future if deemed necessary or desirable by the Chinese government, which could result in further lockdowns. International conflicts such as Middle East and between Russia and Ukraine, and tensions with between the U.S. and countries such as Iran and North Korea and resulting political uncertainties between other countries such as China and Taiwan, and disruptions to traffic through key shipping routes such as the Suez Canal, also could result in an increase in cyberattacks that could either directly or indirectly adversely impact our sales, shipping costs, and results of operations. Such events may also result in delays in our or our vendors' receipt of inventory and the delivery of merchandise between our customers, our stores and/or our partners and our distribution center and our vendors' fulfillment centers. We or our vendors could also incur significantly higher costs and longer lead times associated with distributing inventory during the time it takes for us or our vendors to reopen or replace any of our distribution center centers or any of their fulfillment centers.

We cannot guarantee that our solutions for new markets will be successful or that we will be able to continue to generate significant revenue from these markets.

Our HMI and gas-sensing solutions may not be successful in new markets. Various target markets for our products and solutions may develop slower more slowly than anticipated or participants in those markets could choose to utilize competing technologies. The markets for certain of our HMI products depend in part upon the continued development and deployment of wireless and other technologies, which may or may not address the needs of the users of these products.

The successful integration of markets for our gas and environmental sensors relies rely heavily on our customers' investment in the required infrastructure to bring up a device for new devices or instrument instruments and also on their competency and execution in development. The performance of any gas sensor depends on the quality of its implementation and may vary depending on design decisions, tradeoffs, or lack of experience. While we perform extensive engineering services for our customers and support them with reference materials and open-source designs, we cannot guarantee our customers' success, and this remains a risk for our portfolio.

Our ability to generate significant revenue from new markets will depend on various factors, including the following:

- the development and growth of these markets;
- the ability of our technologies and product solutions to address the needs of these markets;
- the price and performance requirements of our customers and the preferences of end users; and
- our ability to provide our customers with solutions that provide advantages in terms of size, power consumption, reliability, durability, performance and value-added features compared with alternative solutions. solutions; and
- the effectiveness of our sales and marketing efforts in communicating all of these capabilities to the marketplace.

The failure of any of these target markets to develop as we expect, or any significant failure on our failure part to serve these markets, to a significant extent, will impede our sales growth and could result in substantially reduced earnings. We cannot predict the size or growth rate of these markets or the market share we will achieve or maintain in these markets in the future.

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If we fail to maintain build and build maintain relationships with our new and existing customers, or if our customers' products which that utilize our solutions do not gain widespread market acceptance, our revenue may stagnate or decline.

We generally do not sell products to end-users. Instead, we sell component products that our customers incorporate into their products, and we depend on our customers to successfully manufacture and distribute products incorporating our component products and to generate consumer demand through their marketing and promotional activities. We do not control or influence the manufacture, promotion, distribution, or pricing of the products that incorporate our solutions. As a result of this, our success depends almost entirely upon the widespread market acceptance of our customers' products that incorporate our solutions. Even if our technologies successfully meet our customers' price and performance goals, our sales would decline or fail to develop if our customers do not achieve commercial success in selling their products that incorporate our solutions.

Our customers generally do not provide us with firm, long-term volume purchase commitments, opting instead to issue purchase orders that they can cancel, reduce, or delay at any time. In order to meet the expectations of our customers, we must provide innovative solutions on a timely and cost-effective basis. This requires us to match our design and production capacity with customer demand, maintain satisfactory delivery schedules, and meet performance goals. If we are unable to achieve these goals for any reason, our sales may decline or fail to develop, which would result in decreasing revenue.

If we are not able to protect our intellectual property or if we infringe on the intellectual property of others, our business and operating results could be adversely affected.

We consider our intellectual property to be a key element of our ability to compete in our chosen markets. We rely on a combination of patents, trade secrets and proprietary software to establish and protect our intellectual property rights. There is no assurance that patents will be issued from any of our pending applications or that any claims allowed from existing or pending patents will be sufficiently broad to protect our technology. We also cannot assure that any patents issued to us will not be challenged, invalidated or circumvented, or that the rights granted will provide proprietary protection. Litigation may be necessary to enforce our patents, trade secrets and other intellectual property rights, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement. Such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on our business, regardless of the final outcome of the litigation.

Despite our efforts to maintain and safeguard our proprietary rights, there are no assurances that we will be successful in doing so or that our competitors will not independently develop or patent technologies that are substantially equivalent or superior to our technologies. If any of the holders of these patents assert claims that we are infringing them, we could be forced to incur substantial litigation expenses, and if we were found to be infringing on someone else's patent, we could be required to pay substantial damages, and pay royalties in the future, which would adversely impact our profitability, or be enjoined from infringing in the future. future, which could materially impede our ability to operate.

Our global operations require us to maintain intellectual property in a number of foreign jurisdictions, in particular in connection with our manufacturing facility in Shenzhen, China. This may expose us to material risks of theft or compromise of proprietary technology and other intellectual property, including technical data, business processes, data sets or other sensitive information. There is no assurance that we would be successful in enforcing our legal rights against the offending party in such circumstances.

Our success depends in part on our CEO and CFO, who simultaneously lead other public corporations.

Steven N. Bronson, our Chairman of the Board, President and Chief Executive Officer, and Ryan J. Hoffman, our Chief Financial Officer, simultaneously serve as officers and, in the case of Mr. Bronson, as a director, of Qualstar Corporation (OTCMKTS: QBAK) and BKF Capital Group, Inc. (OTCMKTS: BKFG). other affiliated companies. Mr. Bronson serves as President and Chief Executive Officer and as a director of Qualstar Corporation (OTCMKTS: QBAK) and as Chairman of the Board and Chief Executive Officer for of BKF Capital Group, Inc. (OTCMKTS: BKFG), and Mr. Hoffman serves as Chief Financial Officer of each of Qualstar Corporation and BKF Capital Group, Inc. , and until August 2023, of Qualstar Corporation.

As a result, each of Messrs. Bronson and Hoffman divides his time among these companies and does not devote his full business time and attention to Interlink's business. Each of Messrs. Bronson and Hoffman currently works an equivalent full-time schedule;

however, there can be no assurance that the amount of time these officers devote to our company will not diminish from time to time for limited or extended periods as their other business obligations require a greater portion of their attention. Neither Mr. Bronson nor Mr. Hoffman is required to spend a minimum amount of time on Interlink business. Our continued success depends in part upon the availability and performance of these officers, particularly Mr. Bronson, who possesses unique and extensive industry knowledge and experience as well as a deep understanding of our business and strategy. A reduction in their services to Interlink from current levels due to obligations to Qualstar Corporation, BKF Capital Group, Inc. or other organizations with which these officers are affiliated could have a disruptive effect, adversely impacting our ability to manage our business effectively and execute our business strategy.

We face risks associated with security breaches or cyber-attacks.

We face risks associated with security breaches or cyber-attacks of our computer systems or those of our third-party representatives, vendors, and service providers. Armed conflicts in the Middle East and between Russia and Ukraine, and tensions with countries such as Iran and North Korea and resulting geopolitical uncertainties also could result in an increase in cyberattacks that could either directly or indirectly impact our operations. Although we have implemented security procedures and controls to address these threats, such as firewalls, encryption, access controls, and employee training, cybersecurity threats are dynamic and evolving and our systems may still be vulnerable to theft, loss or misuse of data, including proprietary or confidential information, relating to our business, products, employees, suppliers and customers; disruption due to computer viruses and programming errors; attacks by third parties including destruction of data or demanding ransom to return control of our systems and services; or similar disruptive problems.

If our systems, or systems owned by third parties affiliated with our company, were breached or attacked, the proprietary and confidential information of our company and our customers could be disclosed and we could incur substantial costs and liabilities, including the following:

- expenses to rectify the consequences of the security breach or cyber-attack;
- liability for misused or stolen assets or information;
- costs of repairing damage to our systems;
- lost revenue and income resulting from any system downtime caused by such breach or attack;
- loss of competitive advantage if our proprietary information is obtained by competitors as a result of such breach or attack;
- increased costs of insurance and cybersecurity protection;
- costs of incentives we may be required to offer to our customers or business partners to retain their business; and
- damage to our reputation.

In addition, any compromise of security from a security breach or cyber-attack could deter customers or business partners from entering into transactions that involve providing confidential information to us. As a result, any compromise to the security of our systems could have a material adverse effect on our business, reputation, financial condition, and operating results.

Risks Related to Our Industry

If we are unable to keep pace with rapid technological change and gain market acceptance of new products, we may not be able to compete effectively.

Technology, both in our markets and in our customers' markets, is undergoing and will continue to undergo rapid change. In order to maintain our leadership position in our existing markets and to emerge as a leader in new markets, we will have to maintain a leadership position in the technologies supporting those markets. Doing so will require, among other things, that we accomplish the following:

- accurately predict the evolving needs of our customers and develop, in a timely manner, the technology required to support those needs;

- provide products that are not only technologically sophisticated and well supported but are also available at a price within market tolerances and competitive with comparable products;
- establish and effectively defend our ownership on the intellectual property supporting our products; and
- enter into relationships with other companies that have developed complementary technology on which our products also depend.

There is no assurance that we will be able to achieve any of these objectives. objectives in whole or in part.

Our markets are intensely competitive and many of our potential competitors have resources that we lack.

Our markets are highly competitive, and we expect competition in our newer markets to increase. Our competitors include companies with similar products or technologies, companies that sell complementary products to our target markets, and our customers themselves, who could choose to manufacture in-house products that they currently buy from us. Our competitors and potential competitors may have established business relationships that afford them a competitive advantage or may create technologies that are superior to ours or that set a new industry standard that will define the successful product for that market. If any of our competitors establish a close working relationship with our customers, they may obtain advance knowledge of our customers' technology choices or may be afforded an opportunity to work in partnership to develop compatible technologies and may therefore achieve a competitive advantage. We may be unable to compete successfully against our current and future competitors.

We face risks associated with security breaches or cyber-attacks.

We face risks associated with security breaches or cyber-attacks of our computer systems or those of our third-party representatives, vendors, and service providers. International conflicts such as between Russia and Ukraine, and tensions with countries such as Iran and North Korea, and resulting political uncertainties also could result in an increase in cyberattacks that could either directly or indirectly impact our operations. Although we have implemented security procedures and controls to address these threats, our systems may still be vulnerable to theft, loss or misuse of data, including proprietary or confidential information, relating to our business, products, employees, suppliers and customers; disruption due to computer viruses and programming errors; attacks by third parties including demanding ransom to return control of our systems and services; or similar disruptive problems. If our systems, or systems owned by third parties affiliated with our company, were breached or attacked, the proprietary and confidential information of our company and our customers could be disclosed and we may incur substantial costs and liabilities, including the following:

- expenses to rectify the consequences of the security breach or cyber-attack;
- liability for misused or stolen assets or information;
- costs of repairing damage to our systems;
- lost revenue and income resulting from any system downtime caused by such breach or attack;

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- loss of competitive advantage if our proprietary information is obtained by competitors as a result of such breach or attack;
- increased costs of cyber security protection;
- costs of incentives we may be required to offer to our customers or business partners to retain their business; and
- damage to our reputation.

In addition, any compromise of security from a security breach or cyber-attack could deter customers or business partners from entering into transactions that involve providing confidential information to us. As a result, any compromise to the security of our systems could have a material adverse effect on our business, reputation, financial condition, and operating results.

Risks Relating to Ownership of Our Stock

There is a limited or no public market for our securities.

Our While our common stock is quoted on The Nasdaq Capital Market, where the daily trading volume has been is typically very low. This is due in part to the significant percentage (approximately 83% as of December 31, 2022 December 31, 2023) of our shares that are held by officers and directors and their affiliates.

We cannot predict the extent to which investor interest in our Company will lead to the development of an active trading market or how liquid that market might become. The lack of an active market may reduce the value of shares of our common stock and impair the ability of our stockholders to sell their shares at the time or price at which they wish to sell them. An inactive market may also impair our ability to raise capital by selling our common stock (or other securities convertible into our common stock) and may impair our ability to acquire or invest in other companies, products, or technologies by using our common stock as consideration.

The price of our common stock may be volatile, and the value of a stockholder's investment could decline.

Technology stocks have historically experienced high levels of volatility. The trading price of our common stock may fluctuate substantially, depending on many factors, some of which are beyond our control and may not be related to our operating performance. These fluctuations could cause investors to lose all or part of their investment in our common stock. Factors that could cause fluctuations in the trading price of our common stock include, without limitation, the following:

- announcements of new offerings, products, services or technologies, commercial relationships, acquisitions or other events by us or our competitors;
- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of technology companies in general;
- fluctuations in the trading volume of our shares or the size of our public float;
- actual or anticipated changes or fluctuations in our results of operations;
- failure of our results of operations to meet the expectations of securities analysts or investors;
- actual or anticipated changes in the expectations of investors or securities analysts;
- litigation involving us, our industry, or both;
- regulatory developments in the United States, foreign countries, or both;
- general economic conditions and trends;

- economic disruptions caused by political disputes and governmental gridlock in the United States;
- major catastrophic events;
- lockup releases, and sales of large blocks of our common stock;
- the impact of outbreaks, and threat or perceived threat of outbreaks, of epidemics and pandemics, including, without limitation, the coronavirus outbreak, on our sourcing and manufacturing operations as well as on consumer spending;
- departures of key employees; or
- an adverse impact on the company from any of the other risks cited herein.

In addition, if the market for technology stocks or the stock market, in general, experience experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, results of operations or financial condition. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. If our stock price is volatile, we may become the target of securities litigation. Securities litigation could result in substantial costs and divert our management's attention and resources from our business. This could have a material adverse effect on our business, results of operations and financial condition.

The liquidation preference of the shares of our Series A Convertible Preferred Stock currently outstanding or issued in the future would reduce the amount available to our common stockholders in the event of our liquidation or winding up.

We currently have one series of Preferred Stock outstanding, the Series A Convertible Preferred Stock. Holders of our Series A Convertible Preferred Stock have a liquidation preference equal to the greater of $25.00 per share plus any accrued and unpaid

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dividends, and such amount per share as would have been payable had all shares of Series A Convertible Preferred Stock been converted into our common stock in the event of our liquidation or winding up. This means that those holders are entitled to receive the liquidation preference before any payment or other distribution of assets to our common stockholders, and the amount of any such payment or other distribution to our common stockholders will be reduced by that amount. The aggregate liquidation preference of the Series A Convertible Preferred Stock as of December 31, 2022 December 31, 2023 was $5 million.

We may also issue additional shares of preferred stock in the future. While we cannot predict the amount of any such issuance or the liquidation preference of any such shares, the holders likely would be similarly entitled to preference upon any liquidation or winding up of the Company.

The issuance of shares of common stock upon conversion of the Series A Convertible Preferred Stock may cause immediate and substantial dilution to our existing stockholders.

Our Series A Convertible Preferred Stock is presently convertible into 400,000 600,000 shares of common stock. The issuance of shares of common stock upon conversion of shares of our Series A Convertible Preferred Stock will result in dilution to the interests of other common stockholders. The same would be true of any shares of convertible preferred stock we may issue in the future.

Certain provisions in our Series A Convertible Preferred Stock may impact our ability to obtain additional financing in the future.

In addition to cash flows generated from operations, we may need to raise capital in the future through the issuance of capital stock. In order to issue any class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank on parity with or senior to the Series A Convertible Preferred Stock upon our liquidation, winding-up or dissolution, we must obtain the affirmative consent of holders of a majority of the then-outstanding shares of our Series A Convertible Preferred Stock. If we are unable to obtain the consent of these stockholders in connection with future financings, we would be unable to issue capital stock that is on parity with or senior to the Series A Convertible Preferred Stock, which may prevent us from raising additional capital on acceptable terms, or at all.

If securities or industry analysts do not publish research or reports about our business, or if they publish inaccurate or unfavorable research reports, about our business, our share price and trading volume could decline.

The trading market for our common stock, to some extent, depends on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us should downgrade downgrades our shares or change changes their opinion of our business prospects, our share price would likely decline. If one or more of these

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analysts ceases coverage of our company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our product candidates on unfavorable terms to us.

We may seek additional capital through a variety of means, including through private and public equity offerings and debt financings. To the extent that we raise additional capital through the sale of equity or convertible debt securities, ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect stockholder rights. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take certain actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds from third parties, we may have to relinquish valuable rights to our technologies or product candidates, or grant licenses on terms that are not favorable to us. If we are unable to raise additional funds through equity or debt financing when needed, we may be required to delay, limit, reduce or terminate our product development or commercialization efforts for our product candidates, or we may need to grant to others the rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Our CEO has control over key decision making as a result of his control of a majority of our voting stock.

Steven N. Bronson, our Chairman of the Board, President and Chief Executive Officer, beneficially owned approximately 82% 83% of the outstanding shares of our common stock as of December 31, 2022 December 31, 2023. As a result, Mr. Bronson has the ability to control the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation, or sale of all or substantially all of our assets. In addition, Mr. Bronson has the ability to control the management and affairs of our company as a

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result of his position as our CEO and his ability to control the election of our directors. As a board member and officer, Mr. Bronson owes a fiduciary duty to our stockholders and must act in good faith in a manner he reasonably believes to be in the best interests of our stockholders. As a stockholder, Mr. Bronson may have interests that differ from yours and he may vote in a manner that is adverse to your interests. This concentration of ownership may have the effect of deterring, delaying or preventing a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

We do not intend to pay dividends on our common stock for the foreseeable future and, consequently, our common stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our common stock.

We have never declared or paid cash dividends on our common stock, and we do not anticipate paying any such dividends on our common stock in the foreseeable future, if at all. The declaration, amount and payment of any future dividends on shares of our common stock, if any, is subject to the designations, rights and preferences of the Series A Convertible Preferred Stock and will be at the sole discretion of our board of directors, which may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, the implications of the payment of dividends by us to our stockholders or by our subsidiaries to us, and any other factors that our board of directors may deem relevant. As a result, stockholders may only receive a return on their investment in our common stock if the market price of our common stock increases.

Our charter documents and Nevada law could discourage takeover attempts and lead to management entrenchment.

Our articles of incorporation and bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to take other corporate actions, including effecting changes in our management. These provisions include:

- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;

- the requirement that a special meeting of stockholders may be called only by our board of directors, by majority vote, or by any shareholder or group of shareholders who own and have the right to vote more than 25% of our issued and outstanding securities, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and

- the ability of our board of directors, by majority vote, to amend our bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend our amended and restated bylaws to facilitate an unsolicited takeover attempt.

We also are subject to provisions of Nevada law found in Nevada Revised Statutes, Sections 78.411 to 78.444, inclusive, that prohibit us from engaging in any business combination with any "interested stockholder," meaning generally that a stockholder who beneficially owns 10 percent (10%) or more of our stock, cannot acquire us for a period of time after the date this person became an interested stockholder, unless various conditions are met, such as approval of the transaction by our board of directors and stockholders.

Risks Related to Government Regulation

Our failure to comply with U.S. laws and regulations relating to the export and import of goods, technology, and software could subject us to penalties and other sanctions and restrict our ability to license and develop our circuit designs.

We are obligated by law to comply with all U.S. laws and regulations governing the export and import of goods, technology, and services, including without limitation the International Traffic in Arms Regulations ("ITAR") (ITAR), the Export Administration Regulations ("EAR") (EAR), regulations administered by the Department of Treasury's Office of Foreign Assets Control, and regulations administered by the Bureau of Alcohol Tobacco Firearms and Explosives governing the importation of items on the U.S. Munitions Import List. Pursuant to these regulations, we are responsible for determining the proper licensing jurisdiction and export classification of our products, and obtaining all necessary licenses or other approvals, if required, for exports and imports of technical data, and software, or for the provision of technical assistance or other defense services to or on behalf of foreign persons. We are also required to obtain export licenses, if required, before employing or otherwise utilizing foreign persons in the performance of our contracts if the foreign person will have access to export-controlled technical data or software. The violation of any of the applicable laws and regulations could subject us to administrative, civil, and criminal penalties.

These regulations could restrict our ability to sell products and develop new products. Changes in our products or changes in export and import regulations may create delays in the introduction of our products in international markets, prevent our customers with international operations from deploying products incorporating our products throughout their global systems or, in some cases, prevent the export or import of products that include our products to certain countries altogether. Any change in export or import regulations or related legislation, shift in approach to the enforcement or scope of existing regulations, or change in the countries, persons, or technologies targeted by such regulations, could result in decreased use of our products by, or our ability to export or license our products to, existing or potential customers with international operations and decreased revenue. Additionally, failure to comply with these laws could result in sanctions by the U.S. government, including substantial monetary penalties, denial of export privileges, and debarment from government contracts.

If we fail to comply with anti-bribery laws, including the U.S. Foreign Corrupt Practices Act ("FCPA"), we could be subject to civil and/or criminal penalties.

As a result of our international operations, we may be subject to anti-bribery laws, including the FCPA, which prohibits companies from making improper payments to foreign officials for the purpose of obtaining or keeping business. If we fail to comply with these laws, the U.S. Department of Justice, the SEC, or other U.S. or foreign governmental authorities could seek civil and/or criminal sanctions, including monetary fines and penalties, against us or our employees, as well as additional changes to our business practices and compliance programs, which could have a material adverse effect on our business, results of operations, or financial condition. Competitors in foreign countries that are not subject to the FCPA or similar laws may have competitive advantages.

We cannot provide any assurance that current environmental laws and product quality specification standards, or any laws or standards enacted in the future, will not have a material adverse effect on our business.

Our operations are subject to environmental and various other regulations in each of the jurisdictions in which we conduct business. Regulations have been enacted in certain jurisdictions which impose restrictions on waste disposal of electronic products and

electronics recycling obligations. If we fail to comply with applicable rules and regulations in connection with the use and disposal of such substances or other environmental or recycling legislation, we could be subject to significant liability or loss of future sales.

General Risks

The ongoing, global coronavirus COVID-19 pandemic has significantly had a significant and adversely affected, adverse effect on, and may continue to adversely affect, our business, financial position, results of operations, and cash flows.

The outbreak persistent challenges stemming from the COVID-19 pandemic continue to pose significant risks to our business operations, financial performance, and outlook. While there have been advancements in managing the spread of the novel coronavirus (which causes the disease now known as COVID-19) was first identified in December 2019 in Wuhan, China, virus and together with increasing vaccination rates, uncertainties remain regarding its numerous variants has since spread rapidly across the world, including in all or most of the countries in which we, our clients, long-term effects and our suppliers operate. potential resurgence. The COVID-19 ongoing pandemic has caused, and is expected the potential to continue to cause, directly and indirectly, a global slowdown in economic activity, a decrease in consumer and industrial demand for a broad variety of goods and services, disruptions in disrupt global supply chains, and affect consumer behavior, cause significant volatility and disruption of financial markets. markets and prompt regulatory responses, any and all of which can adversely impact our operations and financial position.

Because the severity, magnitude and duration of the pandemic and its economic consequences are uncertain, vary by region, and are rapidly changing and difficult to predict, its full impact on our operations and financial performance, as well as its impact on our near-term ability to successfully execute our strategic objectives, remains similarly uncertain and difficult to predict. As the situation evolves, we face the risk of additional disruptions due to new variants of the virus, changes in public health guidelines, or unforeseen events that could further exacerbate operational challenges. Moreover, economic recovery remains uneven across regions, which may continue to influence consumer spending patterns and market dynamics.

Further, the pandemic's ultimate impact depends in part on many factors not within our control and which may vary by region (heightening the uncertainty as to the ultimate impact COVID-19 may have on our operations and financial performance), including, without limitation: restrictive governmental and business actions that have been and continue to be taken in response (including travel restrictions, work from home requirements, and other workforce limitations); economic stimulus, funding and relief programs and other governmental economic responses; the effectiveness of governmental actions; economic uncertainty in key global markets and financial market volatility; levels of economic contraction or growth; the impact of the pandemic on health and safety; the pace of recovery if and when the pandemic subsides; and how significantly the number of cases increases as economies begin to open and restrictive governmental and business actions are relaxed.

In addition, the COVID-19 pandemic has recently subjected subjects our operations and financial performance to several risks, including the following:

- *Operations-related risks*: Our business is facing increased operational challenges including a heightened need to protect employee health and safety, office shutdowns, workplace disruptions, and restrictions on the movement of people, both at our own offices and at those of our clients and suppliers. We have also During the early years of the pandemic, we experienced lower demand and volume for products and services, client requests for engagement deferrals or other contract modifications, and other factors circumstances related directly and indirectly to the COVID-19 pandemic that adversely impact impacted our business. While these factors have begun to decline and projected demand for our products has stabilized, there can be no assurance that we will not again experience significant declines in product sales due to COVID-19.

- *Client-related risks*: Our clients have been and will continue to be disrupted by quarantines and restrictions on employees' ability to work and office closures. Such disruptions have and may continue to restrict our ability to provide products and services to our clients and have also and may continue to reduce demand for our products and services. In addition, the COVID-19 has pandemic adversely affected the global economy and the economies and financial markets of many countries, which may and a re-emergence of the pandemic could result in further economic downturn that could affect downturns affecting demand for our products and services and impact our operations.

- *Employee-related risks*: We have experienced and expect to continue to may in the future experience disruptions to our operations resulting from quarantines, self-isolations, or other movement and restrictions on the ability of our employees to perform their jobs that may impact our ability to deliver our products and services in a timely manner or meet milestones or customer commitments.

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The full extent of the effect of the pandemic on us, our customers, our supply chain and our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak or subsequent outbreaks. We may continue to experience the effects of the pandemic even after it now that its severity has waned, and our business, results of operations and financial condition could continue to be affected. In particular, if COVID-19 continues to spread or re-emerges

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with serious and widespread impact on public health, particularly in the United States, Singapore, China, and China the United Kingdom where our operations are most concentrated, resulting and results in a prolonged period of travel, commercial, social and other similar restrictions, we could experience, among other things:

- Adverse impacts on our operations and financial results caused by government and regulatory measures to contain or mitigate the spread of the virus, temporary closures of our facilities or the facilities of our customers or suppliers, which could impact our ability to timely meet our customers' orders or negatively impact our supply chain;

- The failure of third parties on which we rely, including our suppliers, customers and external business partners, to meet their respective obligations to us, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties including bankruptcy or default;

- Disruptions or restrictions on our employees' ability to work effectively, due to illness, quarantines, travel bans, shelter-in-place orders or other limitations;

- Interruptions to the operations of our business if the health of our executives, management personnel and other employees are affected, particularly if a significant number of individuals are impacted;

- Litigation, manufacturing delays and harm to our reputation resulting from any accident, illness, or injury to our employees related to COVID-19 that could negatively affect our business, results of operations and financial condition;

- Changes in prices of products and services may be impacted by worldwide demand and by the ongoing COVID-19 pandemic, which price increases could materially increase our operating costs and adversely affect our profit margin;

- Increased cybersecurity and privacy risks and risks related to the reliability of technology to support remote operations;

- Sudden and/or severe declines in the market price of our common stock; and

- Costs incurred and revenues lost during and from the effects of the COVID-19 pandemic that likely will not be recoverable.

The COVID-19 pandemic may also affect our operations and financial results in a manner that is not presently known to us or that we currently do not expect to present significant risks to our operations or financial results. The degree to which COVID-19 impacts our results will depend on future developments, and there is no certainty that measures we have taken or will take will be sufficient to mitigate the risks posed by the virus. Additional impacts and risks may arise that we or our customers, suppliers, and other partners are not aware of or able to respond to effectively, and which may adversely affect us. The impact of COVID-19 can also exacerbate other risks discussed in this Risk Factors section and throughout this report.

Investors should carefully evaluate the potential implications of ongoing COVID-19 challenges on our financial performance, operational resilience, and competitive position when making investment decisions. The extent and duration of these challenges remain uncertain, and our ability to effectively manage them will be critical to our long-term success.

If we fail to manage change successfully, our operations could be adversely impacted and our business could be impaired.

The ability to operate our business in rapidly evolving markets requires an effective planning and management process. We expect that responding to changes in our business will place a significant strain on our personnel, management systems, infrastructure and other resources. Our ability to manage change effectively will require us to attract, train, motivate and manage new employees, to reallocate human and other resources to support new undertakings and to restructure our operations to manage a restructured business effectively. If we are unable to respond effectively to change, our operations could be adversely affected and our business could be impaired.

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International sales and manufacturing risks could adversely affect our operating results.

Our revenue from international sales represents a substantial portion of our overall sales, and this trend will continue for the foreseeable future. The majority of our international manufacturing is currently performed in China. China and Scotland. Our international operations involve a number of risks, including with respect to:

- import-export license agreements, tariffs, taxes and other trade barriers;

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- staffing and managing foreign operations;
- securing credit and funding;
- maintaining an effective system of internal controls at our foreign facilities;
- collecting foreign receivables;
- transfer pricing and other tax uncertainties;
- currency exchange fluctuations;
- reduced protection of intellectual property rights;
- the impact of outbreaks, and threat or perceived threat of outbreaks, of epidemics and pandemics, including, without limitation, the coronavirus outbreak, on our sourcing and manufacturing operations as well as consumer spending;
- political and economic instability, and terrorism; and
- transportation risks.

Any of the above factors could adversely affect our operating results.

We expect Political Instability and Uncertainty

The political landscape in the United States is characterized by increasing polarization, uncertainty, and volatility. Political developments, including changes in leadership, shifts in policy priorities, and legislative gridlock, with increased risks of federal government shutdowns or debt defaults, could have significant implications for our business operations, regulatory environment, and financial performance. The unpredictability of the political environment poses challenges in anticipating and mitigating risks effectively.

Uncertainty surrounding government policies and regulations, including those related to make acquisitions, which taxation, trade, healthcare, environmental protection, and labor practices, may impact our costs, operations, and market competitiveness. Changes in government spending priorities or fiscal policies could also affect demand for our products/services, particularly in sectors dependent on government contracts or funding.

Furthermore, political instability and social unrest may disrupt supply chains, distribution networks, and consumer confidence, leading to operational disruptions, decreased consumer spending, and market volatility. Heightened geopolitical tensions or domestic conflicts may also contribute to economic uncertainty and market fluctuations.

Acquisitions involve certain multiple risks and uncertainties.

We recently completed the acquisitions of SPEC, KWJ and Calman, and we expect to make further acquisitions in the future. Acquisitions involve numerous inherent challenges, such as properly evaluating acquisition opportunities, properly evaluating risks and other diligence matters, ensuring adequate capital availability and balancing other resource constraints. There are risks and uncertainties related to acquisitions, including: difficulties integrating acquired technology, operations, personnel and financial and

other systems; unrealized sales expectations from the acquired business; unrealized synergies and cost savings; unknown or underestimated liabilities; diversion of management attention from running our existing businesses and potential loss of key management employees of the acquired business. In addition, internal controls over financial reporting of acquired companies may not be up to comply with required standards. Our integration activities may place substantial demands on our management, operational resources and financial and internal control systems. Customer dissatisfaction or performance problems with an acquired business, technology, service or product could also have a material adverse effect on our reputation and business.

Our ability to operate effectively could be impaired if we were to lose the services of key personnel, or if we are unable to recruit qualified managers and key personnel in the future.

Our success is substantially dependent on the continued availability of our key management and technical personnel. Several of our key management personnel have been with us throughout most of our history and have substantial experience with our business and technology. If one or more of our key management personnel leaves Interlink and we are unable to find a replacement with the combination of skills and attributes necessary to execute our business plan, it may could have an adverse impact on our business. Our success will also depend, in part, on our ability to attract and retain additional qualified professional, technical, production, managerial and marketing personnel, both domestically and internationally.

We are required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, and any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and have an adverse effect on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we are required to furnish a report by our management on our internal control over financial reporting. Such report contains, among other matters, an assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal year, including a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by management. If we are unable to assert that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price.

As a non-accelerated filer, we are required to evaluate and report on the effectiveness of our internal control over financial reporting. Our independent registered public accounting firm is not required to attest to the effectiveness of our internal control over financial reporting; however, our independent registered public accounting firm may communicate to us if they are not satisfied with the level at which our controls are documented, designed or operating. Our remediation efforts may not enable us to avoid a material weakness in the future.

The requirements of being a public company may strain our resources, divert our management's attention and affect our ability to attract and retain qualified board members.

As a public company, we are subject to the reporting requirements of the Exchange Act and are required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the securities exchange on which our common stock is traded and other applicable securities rules and regulations. Compliance with these rules and regulations imposes legal and financial compliance costs, makes some activities more difficult, time-consuming or costly and increases demand on our systems and resources. Among other things, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and improve our disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight is required. As a result, management's attention may be diverted from other business concerns, which could harm our business and results of operations. We may need to hire additional employees to comply with these requirements, which will increase our costs and expenses.

In addition, being a public company subject to these rules and regulations make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified executive officers and qualified members of our board of directors, particularly to serve on our audit committee and compensation committee.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Cybersecurity is an important aspect of our business operations, and we are committed to protecting our systems, data, and the information of our clients and stakeholders. We recognize that cybersecurity threats are constantly evolving and that maintaining robust security measures is an ongoing process. Below is an overview of our cybersecurity risk management and the measures we have in place:

- ***Governance and Oversight***: Our Board of Directors and senior management are actively involved in overseeing our cybersecurity policies and practices and managing those responsible for coordinating and implementing cybersecurity initiatives across the organization.
- ***Risk Assessment and Management***: We conduct risk assessments to identify potential cybersecurity threats and vulnerabilities. This includes evaluating the likelihood and potential impact of various threats, such as data breaches, malware attacks, and insider threats. Based on these risk assessments, we develop and implement risk management strategies to mitigate identified risks.
- ***Information Security Policies and Procedures***: We have established information security policies and procedures that govern the use, protection, and handling of sensitive information. These policies cover areas such as data encryption, access controls, password management, incident response, and employee training.
- ***Network and Infrastructure Security***: We employ a range of technical measures to secure our network and infrastructure, including firewalls, intrusion detection and prevention systems, and vulnerability assessments. We also use encryption to protect data both in transit and at rest.
- ***Employee Training and Awareness***: We provide cybersecurity training to employees to raise awareness of the latest threats and best practices for protecting sensitive information. This includes training on how to recognize phishing attempts, handling secure data, and reporting security incidents.

- ***Third-Party Risk Management***: We assess the cybersecurity practices of our third-party vendors and service providers, including conducting due diligence on vendors before engaging their services and monitoring their compliance with our security requirements.
- ***Compliance and Reporting***: We comply with all applicable laws and regulations related to cybersecurity, including data protection and privacy laws.

While we believe that our current cybersecurity measures are robust, we recognize that the cybersecurity landscape is constantly evolving, and we remain vigilant in monitoring and adapting our practices to address emerging threats. We are committed to maintaining the confidentiality, integrity, and availability of our systems and data and to protecting the interests of our clients and stakeholders.

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ITEM 2. PROPERTIES

We maintain our principal office totaling approximately 4,351 square feet, in Irvine, California, under a sub-lease that expires in May 2023. California. We conduct engineering, assembly and prototyping activities in Camarillo, California, where we have established a Global Product Development and Materials Science Center, and (for SPEC-KWJ) also in our Newark, California. California facility. We conduct production operations in our facilities in Shenzhen, China, China; Newark, California; and Newark, California, Irvine, Scotland. We conduct research and development activities in our electronics lab in Singapore, Singapore; distribution operations in our Hong Kong facility, facility; and sales operations in our Tokyo office and various other locations in the United States. In total, we lease approximately 33,000 40,000 square feet, and do not own any real estate. We believe that our facilities are adequate to meet our needs for the immediate future, and that, should it be needed, we will be able to secure additional space to accommodate any expansion of our operations.

ITEM 3. LEGAL PROCEEDINGS

We are not party to any material legal proceedings. We may, from time to time, be party to litigation and subject to claims incident to the ordinary course of business. As our growth continues, we may become party to an increasing number of litigation matters and claims. The outcome of litigation and claims cannot be predicted with certainty, and the resolution of any future matters could materially affect our future financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information for Common Stock

Our common stock is listed on The Nasdaq Capital Market under the symbol "LINK."

Holders of Record

As of December 31, 2022 December 31, 2023, we had 23 24 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

Dividend Policy Dividends

Common Stock

We have never declared or paid cash dividends on our common stock, and we do not anticipate paying any such dividends on our common stock in the foreseeable future, if at all. The declaration, amount and payment of any future dividends on shares of our common stock, if any, is subject to the designations, rights and preferences of the Series A Convertible Preferred Stock and other preferred stock that we may issue in the future, and will be at the sole discretion of our board of directors, which may take into account be subject to general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, the implications of the payment of dividends by us to our stockholders or by our subsidiaries to us, and any other factors that our board of directors may deem relevant.

On March 1, 2024, the Board of Directors declared a 50% common stock dividend with a record date of March 11, 2024, that was paid on March 22, 2024. Settlement of fractional share interests will be made by issuing one full share of common stock in lieu of a fractional share. Although the exact effect on common stock outstanding will depend on the number of fractional share settlements, the stock dividend is expected to increase the number of issued and outstanding shares of common stock from 6,573,570 to approximately 9,860,355. Except as otherwise noted, all references to common stock, common stock issuable upon conversion of preferred stock, and corresponding per share information throughout this Annual Report on Form 10-K have been retroactively adjusted to reflect the stock dividend, which is accounted for as a stock split effected in the form of a stock dividend.

Series A Convertible Preferred Stock

We have 200,000 shares of our Series A Convertible Preferred Stock outstanding, each of which currently is convertible into two 3.0 shares of our common stock. stock, as adjusted for the 50% common stock dividend declared and paid in March 2024. The designations, rights and preferences of our Series A Convertible Preferred Stock provide that we will pay, when, as and if declared by our board of directors, monthly cumulative cash dividends at an annual rate of 8.0%, which is equivalent to $0.16667 per month and $2.00 per annum per share, based on the $25.00 liquidation preference. Dividends on the Series A Convertible Preferred Stock will accrue daily and be cumulative from, and including, the first day of the calendar month in which the shares are issued and will be payable monthly in arrears on the 15th day of each calendar month. Our board of directors commenced declaring and we commenced paying dividends on our Series A Convertible Preferred Stock in November 2021, and we expect that our board of directors will continue to declare and we will continue to pay monthly cash dividends on our Series A Convertible Preferred Stock, subject to the applicable limitations to do so under Nevada law.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None. On May 16, 2023, our Board of Directors authorized the Company to purchase up to 150,000 shares of our common stock. Under this authorization, we have cumulatively purchased 48,180 shares at a total cost of $300,259 through December 31, 2023. Our share repurchase program expires on May 15, 2024, does not require us to purchase a specific number of shares and may be modified, suspended, terminated, or extended at any time.

In addition, in June 2023, the Company repurchased 8,250 shares of our common stock from a prior employee in a private transaction at a total cost of $50,000.

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The following table presents our purchases of our common stock during the year ended December 31, 2023, and has been adjusted to reflect the 50% common stock dividend declared and paid in March 2024 (which is accounted for as a stock split effected in the form of a stock dividend):

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
May 1, 2023 to May 31, 2023	20,250	$ 6.08	20,250	129,750
June 1, 2023 to June 30, 2023	8,854	$ 6.09	604	129,146
July 1, 2023 to July 31, 2023	—	—	—	129,146

August 1, 2023 to August 31, 2023	12,326	$ 6.31	12,326	116,820
September 1, 2023 to September 30, 2023	15,000	$ 6.36	15,000	101,820
October 1, 2023 to October 31, 2023	—	—	—	101,820
November 1, 2023 to November 30, 2023	—	—	—	101,820
December 1, 2023 to December 31, 2023	—	—	—	101,820
Total	56,430		48,180	

Recent Sales of Unregistered Securities

None.

ITEM 6. RESERVED

Not applicable.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the consolidated financial statements and the related notes to the consolidated financial statements included later in this Annual Report on Form 10-K. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, beliefs and expectations that involve risks and uncertainties. Our actual results and the timing of events could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Overview

Interlink Electronics, Inc. operates is a global sensor and printed electronics company operating in two principal sensor technology divisions: force-sensing force/touch sensors, and gas and environmental sensors. Our force/touch sensors, including our Force-Sensing Resistor ("FSR®") technology and gas-sensing technology. related technologies, and our membrane keypads, graphic overlays and printed electronics, are used extensively in Human-Machine Interface ("HMI") devices, while our gas and environmental sensors and instruments are used in environmental and air quality monitoring across a broad range of applications. We design, develop, manufacture and sell a range of technologies that incorporate our proprietary materials technology, firmware and software into a portfolio of standard products and custom solutions.

On March 1, 2024, the Board of Directors declared a 50% common stock dividend that was paid on March 22, 2024. For all years presented, all share and per share data have been retroactively adjusted for the effect of the 50% common stock dividend, which is accounted for as a stock split effected in the form of a stock dividend.

Our principal products are:

Force/Touch Sensors. We design, develop, manufacture and sell a range of force-sensing technologies that incorporate our proprietary materials technology, firmware and software into a portfolio of standard products and custom solutions. These include sensor components, subassemblies, modules and products that support effective, efficient cursor control and novel three-dimensional user inputs. Our Human Machine Interface ("HMI") HMI technology platforms are deployed in a wide range of markets, including consumer electronics, automotive, industrial and medical. The application of our HMI technology platforms includes vehicle entry, vehicle multi-media control interface, rugged touch controls, presence detection, collision detection, speed and torque controls, pressure mapping, biological monitoring and others. Interlink Additionally, through our acquisition of Calman Technology Limited in March 2023, we offer customized membrane keypads, graphic overlays, printed electronics and industrial label products for use in a wide range of fields, from industrial instrumentation, process control and monitoring to medical and diagnostic devices and defense systems. With over 25 years as a leading HMI provider, Calman Technology has been developed to also become a leader specialized provider of printed electronics for the medical sector in the printed electronics industry for over 35 years with UK and Europe.

Gas and Environmental Sensors. We entered the commercialization of gas and environmental sensing market in 2022 through our patented FSR® technology that has enabled rugged and reliable HMI solutions. Our solutions have focused on handheld user input, menu navigation, cursor control, and other intuitive interface technologies for the world's top electronics manufacturers. Through our acquisition in December 2022 of the business assets of SPEC Sensors, LLC ("SPEC") and KWJ Engineering, Inc. ("KWJ"), early pioneers in miniaturized, low-cost gas-sensing technologies, gas and environmental sensing technologies. Following our acquisition of these operations, we also now offer electrochemical gas-sensing technology products and solutions for industry, community, health and home, with uses in fields such as carbon monoxide and ozone detection safety, personal wellness and air quality monitoring.

We sell our products and solutions globally to a diverse array of customers that include Fortune Global 500 companies with the Fortune 500 world's most recognizable brands, as well as start-ups, design houses, original design and equipment manufacturers, OEMs and universities. Our technology has been deployed in the consumer electronics, automotive, industrial automation, automotive, medical, defense and environmental monitoring markets. Our global presence in the United States, China, United Kingdom, Hong Kong, Singapore and Japan allows us to broadly provide local sales and engineering support services to our existing and future worldwide customers. Our We manufacture our products are manufactured by our wholly-owned subsidiary in a state-of-the-art facility in Shenzhen, China, and in our production facility advanced and proprietary facilities in Newark, California. California and Irvine, Scotland. We control 100% of the manufacturing and shipping process, which enables us to respond quickly to customer product demand and design requirements.

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We have invested significantly in the expansion of our technology platforms through our own internal development to ensure we continue to provide the market with leading-edge solutions that are seamless to deploy and perform flawlessly. We spent several years building a research and development (R&D) Having previously built an R&D organization in Singapore to develop new product offerings that will meet the market's growing demand for touch technology and smart surfaces. We have now shifted surfaces, we relocated a majority of our R&D and product development efforts to Camarillo, California, where we have established a Global Product Development and Materials Science Center, and our Center. Combined with the advanced and proprietary facility facilities in Silicon Valley. We Valley and Scotland that were acquired in connection with the acquisitions of SPEC and KWJ and Calman, we believe this increased presence in the U.S. will allow us to grow our business and be more closely aligned with current and future large-tier top-tier customers. We also expect to launch an engineering, research and development center in the United Kingdom. We also plan to explore potential strategic relationships with companies and technology institutes that will support our growth initiatives.

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Results of Operations

The following table sets forth certain consolidated statements of operations data for the periods indicated. The percentages in the tables are based on net revenues.

	Year ended December 31,				Year ended December 31,			
	2022		2021		2023		2022	
	$	%	$	%	$	%	$	%

	(in thousands, except percentages)				(in thousands, except percentages)			
Revenue, net	$ 7,493	100.0 %	$ 7,478	100.0 %	$13,940	100.0 %	$7,493	100.0 %
Cost of revenue	3,632	48.5	3,420	45.7	7,381	52.9	3,632	48.5
Gross profit	3,861	51.5	4,058	54.3	6,559	47.1	3,861	51.5
Operating expenses:								
Engineering, research and development	1,220	16.3	893	11.9	2,326	16.7	1,220	16.3
Selling, general and administrative	3,309	44.2	3,244	43.4	4,672	33.5	3,309	44.2
Total operating expenses	4,529	60.4	4,137	55.3	6,998	50.2	4,529	60.4
Loss from operations	(668)	(8.9)	(79)	(1.1)	(439)	(3.1)	(668)	(8.9)
Other income (expense):								
Other income (expense), net	2,611	34.8	(50)	(0.7)	164	1.2	2,611	34.8
Income (loss) before income taxes	1,943	25.9	(129)	(1.7)	(275)	(2.0)	1,943	25.9
Income tax expense	271	3.6	605	8.1	108	0.8	271	3.6
Net income (loss)	$ 1,672	22.3 %	$ (734)	(9.8)%	$ (383)	(2.7)%	$1,672	22.3 %

Comparison of the Years Ended December 31, 2022 December 31, 2023 and 2021 2022

Revenue, net by the markets we serve is as follows:

	Year ended December 31,						Year ended December 31,					
	2022		2021				2023		2022			
	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change
	(in thousands, except percentages)						(in thousands, except percentages)					
Industrial	$ 2,269	30.3 %	$ 2,191	29.3 %	$ 78	3.6 %	$ 4,141	29.7 %	$2,269	30.3 %	$ 1,872	82.5 %
Medical	1,865	24.9	1,102	14.7	763	69.2	5,210	37.4	1,865	24.9	3,345	179.4
Consumer	363	4.8	1,271	17.0	(908)	(71.4)	577	4.1	363	4.8	214	59.0
Automotive	24	0.3	14	0.2	10	71.4						
Standard	2,972	39.7	2,900	38.8	72	2.5	4,012	28.8	2,996	40.0	1,016	33.9
Revenue, net	$ 7,493	100.0 %	$ 7,478	100.0 %	$ 15	0.2 %	$13,940	100.0 %	$7,493	100.0 %	$ 6,447	86.0 %

We sell our custom products into the industrial, medical, consumer, automotive and environmental monitoring consumer markets. We sell our standard products to customers in many markets through various distribution networks. The ultimate customer for our standard products may come from different markets which are often unknown to us at the time of sale. Each market has different product design cycles. Products with longer design cycles often have much longer product life-cycles. life cycles. Industrial, medical, and environmental monitoring products generally have longer design and life-cycles life cycles than consumer products. We currently have products with life-cycles life cycles that have exceeded twenty 20 years and are ongoing.

Revenues were up in 2022 compared to 2021 in the medical market, down in the consumer market, and generally flat in the industrial and automotive markets, and for our standard products. The increase in revenue from our medical market customers is due to an increase in orders from and shipments to our largest medical customer, whose purchasing volume has increased based on increases in installations at their hospital and medical center customer locations. The decrease in revenue from our consumer market customers is primarily due to a design change by one of our largest consumer products customers, offset by shipments of our custom sensors to a

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new Revenues were up in 2023 compared to 2022 to customers in all of the custom markets we sell to and also to customers of our standard products. The increase in revenue from customers in all markets is due primarily to the inclusion of sales by the SPEC and KWJ businesses and by Calman, acquired in December 2022 and March 2023, respectively, and also to increased shipments of our existing force-sensing products and solutions resulting from increased customer in this market. demand. In all markets, the timing of orders from our customers is not always predictable and can be concentrated in varying periods during the year to coincide with their project and building plans.

	Year ended December 31,						Year ended December 31,					
	2022		2021				2023		2022			
	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change
	(in thousands, except percentages)						(in thousands, except percentages)					
Gross profit	$ 3,861	51.5 %	$ 4,058	54.3 %	$ (197)	(4.9)%	$6,559	47.1 %	$3,861	51.5 %	$ 2,698	69.9 %

Our gross profit and gross margin percentage are impacted by various factors including product mix, customer mix, sales volume, and fluctuations in our cost of revenues, which are comprised of material costs, direct and indirect production labor costs, warehousing and logistics costs, facilities costs, and other costs related to production activities. Gross profit for 2023 was up compared to 2022 due to higher revenue (resulting primarily from our acquisitions of SPEC and KWJ and Calman), while gross margin percentage for 2022 were was down compared due to 2021 due primarily to higher changes in product and customer mix (primarily acquisition-related) and increased materials and components costs on certain orders, higher freight and tariff costs on certain transactions, unfavorable changes in product and customer mix, and changes in production efficiencies in our manufacturing operations. orders.

Year ended December 31,				Year ended December 31,			
2022		2021		2023		2022	
	% of Net		% of Net		% of Net		% of Net

	Amount	Revenue	Amount	Revenue	$ Change	% Change	Amount	Revenue	Amount	Revenue	$ Change	% Change
	(in thousands, except percentages)						(in thousands, except percentages)					
Engineering, research and development	$ 1,220	16.3 %	$ 893	11.9 %	$ 327	36.6 %	$2,326	16.7 %	$1,220	16.3 %	$ 1,106	90.7 %

Engineering and R&D expenses consist primarily of compensation expenses for employees engaged in research, design and product development activities, and the cost of those employees' indirect supplies and allocation of facilities expenses. Our R&D team focuses both on internal design development in order to develop our force-sensing and gas-sensing technologies and solutions, as well as design development aimed at addressing our customers' unique design challenges. Engineering and R&D costs for 2022 2023 were up compared to 2021 the prior year due primarily to increased engineering employee headcount following our acquisitions of SPEC and KWJ in December 2022, the inclusion in the current year period of approximately $136,000 of non-cash amortization expense on intangible assets acquired in the purchases of SPEC and KWJ, and increased costs on prototyping and development product-development activities and also due this year as compared to inclusion in 2021 of receipt of a $129 thousand research incentive grant from the Singapore government that reduced expenses in the prior year.

	Year ended December 31,						Year ended December 31,					
	2022		2021				2023		2022			
		% of Net		% of Net				% of Net		% of Net		
	Amount	Revenue	Amount	Revenue	$ Change	% Change	Amount	Revenue	Amount	Revenue	$ Change	% Change
	(in thousands, except percentages)						(in thousands, except percentages)					
Selling, general and administrative	$ 3,309	44.2 %	$ 3,244	43.4 %	$ 65	2.0 %	$4,672	33.5 %	$3,309	44.2 %	$ 1,363	41.2 %

Selling, general and administrative expenses consist primarily of compensation expenses, legal and other professional fees, facilities expenses and communication expenses. Selling, general and administrative costs expenses for 2022 the current year were up slightly compared to 2021. The prior year period included a $186 thousand benefit from forgiveness of the PPP loan. When comparing selling, general and administrative costs for the periods exclusive of that benefit, costs for 2022 were lower than in the prior last year due to lower sales and marketing increased employee headcount following our acquisitions of SPEC and lower KWJ in December 2022 and Calman in March 2023, the inclusion in the current year period of approximately $486,000 of non-cash amortization expense on intangible assets acquired in the Calman purchase, and increased acquisition-related legal and other professional fees.

	Year ended December 31,						Year ended December 31,					
	2022		2021				2023		2022			
	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change
	(in thousands, except percentages)						(in thousands, except percentages)					
Other income (expense), net	$ 2,611	34.8 %	$ (50)	0.7 %	$ 2,661	n/a	$ 164	1.2 %	$2,611	34.8 %	$ 2,447	93.7

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Other income (expense), net consists of non-operating income and expenses, such as gains and losses on marketable securities, foreign currency transaction gains and losses, interest income and expense, and other non-operating income and expenses. Other income (expense), net for 2022 2023 was comprised of $2.449 million $155,000 of gains on marketable securities, $121 thousand interest income, $3,000 of foreign currency

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transaction gains, and $41 thousand $6,000 of interest other non-operating income, while other income (expense), net for 2021 2022 was comprised of $40 thousand $2,449,000 of gains on marketable securities, $121,000 of foreign currency transaction losses, gains, and $10 thousand $41,000 of other non-operating expenses. interest income.

	Year ended December 31, 2022 Amount	2022 % of Pre-tax Income	2021 Amount	2021 % of Pre-tax Income	Change	% Change	Year ended December 31, 2023 Amount	2023 % of Pre-tax Income	2022 Amount	2022 % of Pre-tax Income	$ Change	Change in % of Pre-tax Income
	(in thousands, except percentages)						(in thousands, except percentages)					
Income tax expense	$ 271	13.9 %	$ 605	469.0 %	$ (334)	n/a	$ 108	39.3 %	$ 271	13.9 %	$ (163)	25.4

Tax Income tax expense (benefit) reflects statutory tax rates in the jurisdictions in which we operate adjusted for permanent book/tax differences. For both 2023 and 2022, the Company's income tax provision expense reflects tax expense on its foreign earnings, and tax expense on its domestic earnings net of utilization of a portion of the previously recorded valuation allocance. For 2021, the Company recorded an income tax provision comprised substantially of valuation allowance against on domestic deferred tax assets due to recent history of U.S. taxable losses. assets.

Our effective tax rate is directly affected by the relative proportions of revenue and income before taxes in the jurisdictions in which we operate. operate and the applicable tax rates in such jurisdictions. Based on the expected mix of domestic and foreign earnings, we anticipate our effective tax rate to remain similar to higher than the newly stated U.S. statutory rate of 21% primarily due to a significant portion of our earnings originating in the higher rate jurisdictions of China jurisdiction (25%) and the United Kingdom (25%), offset in part by lower rate earnings in lower-rate jurisdictions in Singapore (17%) and of Hong Kong (16.5%) and Singapore (17%). State income taxes also have an impact in the U.S.

Discrete tax events may cause our effective rate to fluctuate on a quarterly basis. Certain events, including, for example, acquisitions and other business changes, which are difficult to predict, may also cause our effective tax rate to fluctuate. We are subject to changing tax laws, regulations, and interpretations in multiple jurisdictions. Corporate tax reform continues to be a priority in the U.S. and other jurisdictions. Additional changes to the tax system in the U.S. could have significant effects (which we cannot predict to be net positive and negative, or net negative) on our effective tax rate and on our deferred tax assets and liabilities.

Liquidity and Capital Resources

Cash requirements for working capital, capital expenditures, and acquisition activities have been funded from our cash balances, on hand, cash generated from operations and sales of marketable securities, and sales issuances of equity securities. As of December 31, 2022 December 31, 2023, we had cash and cash equivalents of $10.1 million $4.3 million, working capital of $12.6 million $8.0 million and no indebtedness. Cash and cash equivalents consist of cash and money market funds. We did not have any short-term or long-term investments as of December 31, 2022 December 31, 2023. Of the $10.1 million our $4.3 million of cash, balances on hand, $0.9 million $2.3 million was held by foreign subsidiaries; if those subsidiaries. If these funds are needed for our U.S. operations in the U.S., or for acquisitions, we have several methods to repatriate the funds without significant tax effects, including repayment of intercompany loans or distributions of previously taxed income. Other distributions may require us to incur U.S. or foreign taxes to repatriate these funds. However, our intent is to permanently reinvest these funds outside the U.S. and our current plans do not demonstrate a need to repatriate cash to fund our U.S. operations. cash.

In 2021, we sold We have outstanding 200,000 shares of our 8.0% Series A Convertible Preferred Stock at a price (the "Preferred Stock") that have an aggregate liquidation preference of $25.00 per share for gross proceeds to us of $5.0 million before placement agent fees and transaction expenses. Each share of Series A Preferred Stock is convertible into two shares of our common stock. The designations, rights and preferences of our Series A Convertible Preferred Stock provide that we will . We pay, when, as and if declared by our board of directors, monthly cumulative cash dividends on the Preferred Stock at an annual rate of 8.0%, which; this is equivalent to $0.16667 per month and $2.00 per annum per share, based on the $25.00 a per share liquidation preference. preference of $25.00. Dividends on the Series A Convertible Preferred Stock will accrue daily and be cumulative from, and including, the first day of the calendar month in which the shares are issued and will be payable monthly in arrears on the 15th day of each calendar month. Our board of directors commenced paying has declared, and we have paid, cash dividends on our Series A Convertible the Preferred Stock each month since the Preferred Stock was issued in November October 2021, and we expect that our the board of directors will continue to declare, and we will continue to pay, monthly such cash dividends on our Series A Convertible each month while the Preferred Stock is outstanding, subject to the applicable limitations to do so under Nevada law.

We believe that our existing cash and cash equivalents balance will be sufficient to maintain our current operations considering our current financial condition, obligations, and other expected cash flows. If our circumstances change, however, we may require additional cash. If we require additional cash, we may attempt to raise additional capital through equity, equity-linked or debt financing arrangements. If we raise additional funds by issuing equity or equity-linked securities, the ownership of our existing stockholders will be diluted. If we raise additional financing by the incurrence of indebtedness, we could be subject to fixed payment obligations and could also be subject to restrictive covenants, such as limitations on our ability to incur additional debt, and other

operating restrictions that could adversely impact our ability to conduct our business. If we are unable to raise additional needed funds, we may also take measures to reduce expenses to offset any shortfall.

Cash Flow Analysis

Our cash flows from operating, investing and financing activities are summarized as follows:

	Year ended December 31,		Year ended December 31,	
	2022	2021	2023	2022
	(in thousands)		(in thousands)	
Net cash provided by (used in) operating activities	$ (915)	$ 231		
Net cash (used in) operating activities			$ (116)	$ (915)
Net cash provided by (used in) investing activities	735	(159)	(4,885)	735
Net cash provided by (used in) financing activities	(350)	4,520		
Net cash (used in) financing activities			(750)	(350)

Net Cash Provided By (Used In) Operating Activities

For the year ended December 31, 2023, the $116,000 in net cash used in operating activities was attributable to net loss of $383,000, adjusted for non-cash charges of $806,000 and cash used in changes in operating assets and liabilities of $539,000. For the year ended December 31, 2022, the $915 thousand $915,000 in net cash used in operating activities was attributable to net income of $1.672 million, $1,672,000, adjusted for non-cash charges of $256 thousand, $256,000, realized gain gains on marketable securities of $2.449 million, $2,449,000, and cash used in changes in operating assets and liabilities of $394 thousand.

For the year ended December 31, 2021, the $231 thousand in net cash provided by operating activities was attributable to net loss of $734 thousand, adjusted for non-cash charges of $819 thousand, non-cash gain on forgiveness of PPP loan of $186 thousand, and cash from changes in operating assets and liabilities of $332 thousand. $394,000.

Accounts receivable increased from $1.080 million at December 31, 2021 to $1.178 million $1,178,000 at December 31, 2022 to $2,167,000 at December 31, 2023 due to the addition of accounts receivable from our acquisition of Calman during the year, and also timing of shipments and cash collections during the fourth quarter of 2022 2023 compared to the fourth quarter of 2021. 2022. Many of our customers pay promptly and accounts receivable is generally related to the most recent shipments. Inventories increased from $814 thousand $2,112,000 at December 31, 2021 December 31, 2022 to $2.112 million $2,476,000 at December 31, 2022 December 31, 2023 due primarily to the addition of Calman's inventory acquired to our consolidated balances, as well as fluctuations caused by the variability in the acquisition of SPEC and KWJ in December 2022; inventory balances fluctuate depending on the timing of materials purchases and product shipments. Prepaid expenses and other current assets decreased increased from $391 thousand $321,000 at December 31, 2021 December 31, 2022 to $321 thousand $381,000 at December 31, 2022 December 31, 2023. The balance of our prepaid expenses and other assets fluctuates with the timing of payments of insurance premiums, advances, and estimated income taxes. Accounts payable, accrued liabilities, and accrued liabilities decreased slightly income taxes increased from $845 thousand $958,000 at December 31, 2021 December 31, 2022 to $841 thousand $1,249,000 at December 31, 2022 December 31, 2023; payables, accrued expenses, and accrued expenses income taxes fluctuate based on the timing of payment for purchases of materials, compensation accruals, outside services, and other outside services. income taxes, and increased in part from the addition of Calman's liabilities to our consolidated balances.

Net Cash Provided By (Used In) Investing Activities

Net cash used in investing activities of $4,885,000 for the year ended December 31, 2023 consisted of $4,873,000 used to acquire the equity interests of Calman (which was net of $1,577,000 of cash acquired), $111,000 received from the purchase price escrow for the acquisition of SPEC and KWJ upon finalization of the purchase price (which was in excess of the $56,000 previously anticipated to have been recovered), and $123,000 of cash used for purchases of property and equipment. Net cash provided by investing activities of $735 thousand $735,000 for the year ended December 31, 2022 consisted of net proceeds from purchase and sales of marketable securities of $2.449 million, $2,449,000, net cash used in the December 2022 acquisition of SPEC and KWJ of $1.672 million $1,672,000 (which was net of $541,000 of cash acquired in the acquisition and $56,000 anticipated to have been recovered from the purchase price adjustment escrow), and $42 thousand $42,000 of cash used for purchases of property and equipment. Net cash used in investing activities

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Table of $159 thousand for the year ended December 31, 2021 consisted primarily of capital expenditures related to completion of the Global Product Development and Materials Science Center in our Camarillo footprint. Contents

Net Cash Provided By (Used In) Financing Activities

Net cash used in financing activities of $350 thousand $750,000 for the year ended December 31, 2023 consisted of payment of $400,000 of dividends on our Preferred Stock, and $350,000 used for repurchases of 56,430 shares of common stock. Net cash used in financing activities of $350,000 for the year ended December 31, 2022 consisted of payment of $400 thousand $400,000 of dividends on our Series A Convertible Preferred Stock, offset by $50 thousand $50,000 of proceeds from issuance of common stock. Net cash provided by financing activities of $4.5 million for the year ended December 31, 2021 was from our Series A Convertible Preferred Stock offering in which we raised gross offering proceeds of $5.0 million before reductions for selling commissions and costs.

Transactions with Related Parties

For a discussion of transactions with related parties, see *Note 12, 11, Related Party Transactions*, of the notes to the consolidated financial statements, and *Item 13, Certain Relationships and Related Transactions, and Director Independence*, appearing elsewhere in this Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

As of December 31, 2022 December 31, 2023 and 2021, 2022, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with generally accepted accounting principles in the United States (“GAAP”). The preparation of consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statements presentation, financial condition, results of operations, and cash flows will be affected.

We believe that the assumptions and estimates associated with revenue recognition, inventory valuation, accounts receivable, stock-based compensation expense and income taxes have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates. For further information on all of our significant accounting policies, see the notes to our consolidated financial statements.

Revenue Recognition

In accordance with Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), we recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The guidance defines a five-step process to achieve this core principle and, in doing so, judgment and estimates may be required within the revenue recognition process including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. Generally, we recognize revenue when there is persuasive evidence that an arrangement exists, title and risk of loss have passed, delivery has occurred or the services have been rendered, the sales price is fixed or determinable and collection of the related receivable is reasonably assured. Title and risk of loss generally pass to our customers upon shipment. In limited circumstances where either title or risk of loss pass upon destination or acceptance or when collection is not reasonably assured, we defer revenue recognition until such events occur.

We input orders based upon receipt of a customer purchase order, confirm pricing through the customer purchase order, validate credit worthiness through past payment history or other financial data and record revenue upon shipment of goods and when risk of loss and title transfer. All customers have warranty rights, and some customers have explicit or implicit rights of return. We record reserves for potential customer returns and warranty rights.

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Inventory Valuation

Inventories are stated at lower of cost or net realizable value (“NRV”). Inventory costs are determined using standard costs which approximate actual costs under the first-in, first-out method. We evaluate inventories for excess quantities and obsolescence. Our evaluation considers market and economic conditions, technology changes, new product introductions, and changes in strategic business direction, and requires estimates that may include elements that are uncertain. In order to state the inventory at lower of cost or NRV, we maintain reserves against individual stocking units. Inventory write-downs, once established, are not reversed until the related inventories have been sold or scrapped. If future demand or market conditions are less favorable than our projections, a write-down of inventory may be required, and would be reflected in cost of goods sold in the period the revision is made.

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Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at the invoice amount and presented net of the allowance for credit losses. They do not bear interest. We evaluate the collectability of accounts receivable at each balance sheet date using a combination of factors, such as historical experience, credit quality, age of the accounts receivable balances, and economic conditions that may affect a customer's ability to pay. We include any accounts receivable balances that are determined to be uncollectible in the overall allowance for credit losses using the specific identification method. After all attempts to collect a receivable have failed, the receivable is written off against the allowance.

Assessments of Impairment of Goodwill and Long-Lived Assets

Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred over the fair value of the net assets acquired and liabilities assumed. Goodwill is determined to have an indefinite useful life and is not amortized but is tested for impairment at least annually or more frequently in events and circumstances exist that indicate that a goodwill impairment test should be performed. Intangible assets and property, plant and equipment are carried at cost less accumulated depreciation and amortization and are tested for impairment whenever events or changes in circumstances indicate their carrying value may not be recoverable. The impairment tests and assessments involve estimates and require management judgment of qualitative and quantitative considerations. If factors change in the future and we use different assumptions, our impairment tests and assessments could change significantly.

Stock-Based Compensation

We account for stock-based compensation under ASC Topic 718, *Compensation-Stock Compensation*, which requires us to record related compensation costs in the statement of operations. Calculating the fair value of stock-based compensation awards requires the input of highly subjective assumptions, including the expected life of the awards and expected volatility of our stock price. Expected volatility is a statistical measure of the amount by which a stock price is expected to fluctuate during a period. Our estimates of expected volatilities are based on weighted historical implied volatility. The expected forfeiture rate applied in calculating stock-based compensation cost is estimated using historical data and is updated annually.

The assumptions used in calculating the fair value of stock-based awards involve estimates that require management judgment. If factors change and we use different assumptions, our stock-based compensation expense could change significantly in the future. In addition, if our actual forfeiture rate is different from our estimate, our stock-based compensation expense could change significantly in the future.

Income Taxes

We account for income taxes using the asset and liability method in accordance with ASC Topic 740, *Income Taxes*, which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, we must make estimates and judgments in determining the provision for taxes for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, benefits, and deductions, and in the calculation of certain tax assets and liabilities that arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes, as well as the interest and penalties related to uncertain tax positions. In addition, the Company operates within multiple tax jurisdictions and is subject to audit in these jurisdictions. Significant changes in these estimates may result in an increase or decrease to our tax provision in a subsequent period. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

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Our foreign subsidiaries are subject to foreign income taxes on earnings in their respective jurisdictions. Earnings of our foreign subsidiaries are generally included in our U.S. federal income tax return as they are earned.

We assess the likelihood that our deferred tax assets will be recovered from future taxable income and to the extent we believe that recovery is not determinable beyond a "more likely than not" standard, we establish a valuation allowance. To the extent we establish a valuation allowance or increase or decrease this allowance in a period, we include an expense or benefit within the tax provision in the statement of operations.

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The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. If we determine that a tax position will more likely than not fail to be sustained on audit, the second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as we have to determine the probability of various hypothetical outcomes. We re-evaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors such as changes in facts or circumstances, changes in tax law, new audit activity, and effectively settled issues. Determining whether an uncertain tax position is effectively settled requires judgment. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision in the period in which a change in judgment occurs.

Recently Issued and Adopted Accounting Pronouncements

For a discussion of recently adopted accounting pronouncements, see *Recently Issued Accounting Pronouncements* in *Note 1, The Company and its Significant Accounting Policies*, of the notes to the consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INTERLINK ELECTRONICS, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Interlink Electronics, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet sheets of Interlink Electronics, Inc. (the Company) as of December 31, 2022, December 31, 2023 and 2022, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for the year years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, December 31, 2023 and 2022, and the results of its operations and its cash flows for the year years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit. audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB" ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides audits provide a reasonable basis for our opinion.

Critical Audit Matters

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

/s/ LMHS, P.C.

We have served as the Company's auditor since 2022.
Norwell, Massachusetts
March 29, 2023 25, 2024

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Interlink Electronics, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Interlink Electronics, Inc. (the Company) as of December 31, 2021, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on the entity's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provide a reasonable basis for our opinion.

Critical Audit Matters

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

/s/ Macias Gini & O'Connell LLP

We served as the Company's auditor since 2021, which ended in 2022.
Irvine, CA
March 29, 2022

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INTERLINK ELECTRONICS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
	(in thousands, except par value)			

				(in thousands, except par value)
ASSETS				
Current assets				
Cash and cash equivalents	$ 10,091	$ 10,777	$ 4,304	$ 10,091
Restricted cash	—	5		
Accounts receivable, net	1,178	1,080	2,167	1,178
Inventories	2,112	814	2,476	2,112
Prepaid expenses and other current assets	321	391	381	321
Total current assets	13,702	13,067	9,328	13,702
Property, plant and equipment, net	184	338	313	184
Intangible assets, net	76	131	2,654	76
Goodwill	650	—	2,461	650
Right-of-use assets	172	163	143	172
Deferred tax assets	134	8	83	134
Other assets	65	72	80	65
Total assets	$ 14,983	$ 13,779	$ 15,062	$ 14,983
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$ 273	$ 338	$ 464	$ 273
Accrued liabilities	568	507	492	568
Lease liabilities, current	131	138	126	131
Accrued income taxes	117	54	293	117
Total current liabilities	1,089	1,037	1,375	1,089
Long-term liabilities				
Lease liabilities, long term	46	37	33	46
Deferred tax liabilities			626	—
Total long-term liabilities	46	37	659	46
Total liabilities	1,135	1,074	2,034	1,135
Commitments and contingencies (Note 13)	—	—		
Commitments and contingencies (Note 12)			—	—
Stockholders' equity				
Preferred stock, $0.01 par value: 1,000 shares authorized, 200 shares of Series A Convertible Preferred Stock issued and outstanding at both December 31, 2022 and 2021 ($5.0 million liquidation preference)	2	2		
Common stock, $0.001 par value: 30,000 shares authorized, 6,610 and 6,602 shares issued and outstanding at December 31, 2022 and 2021, respectively	7	7		
Preferred stock, $0.01 par value: 1,000 shares authorized, 200 shares of Series A Convertible Preferred Stock issued and outstanding at both December 31, 2023 and 2022 ($5.0 million liquidation preference)			2	2
Common stock, $0.001 par value: 30,000 shares authorized, 9,860 and 9,915 shares issued and outstanding at December 31, 2023 and 2022, respectively			10	10
Additional paid-in-capital	62,617	62,552	62,279	62,614
Accumulated other comprehensive income (loss)	(98)	96	200	(98)
Accumulated deficit	(48,680)	(49,952)	(49,463)	(48,680)
Total stockholders' equity	13,848	12,705	13,028	13,848
Total liabilities and stockholders' equity	$ 14,983	$ 13,779	$ 15,062	$ 14,983

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

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INTERLINK ELECTRONICS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		Year ended December 31,	
	2022	2021	2023	2022
	(in thousands, except per share data)		(in thousands, except per share data)	
Revenue, net	$ 7,493	$ 7,478	$ 13,940	$ 7,493
Cost of revenue	3,632	3,420	7,381	3,632
Gross profit	3,861	4,058	6,559	3,861
Operating expenses:				
Engineering, research and development	1,220	893	2,326	1,220
Selling, general and administrative	3,309	3,244	4,672	3,309
Total operating expenses	4,529	4,137	6,998	4,529
Loss from operations	(668)	(79)	(439)	(668)
Other income (expense):				
Other income (expense), net	2,611	(50)	164	2,611
Income (loss) before income taxes	1,943	(129)	(275)	1,943
Income tax expense	271	605	108	271
Net income (loss)	$ 1,672	$ (734)	$ (383)	$ 1,672
Net income (loss) applicable to common stockholders	$ 1,272	$ (782)	$ (783)	$ 1,272
Earnings (loss) per common share, basic	$ 0.19	$ (0.12)	$ (0.08)	$ 0.13
Earnings (loss) per common share, diluted	$ 0.19	$ (0.12)	$ (0.08)	$ 0.13
Weighted average common shares outstanding - basic	6,603	6,601	9,887	9,905
Weighted average common shares outstanding - diluted	6,603	6,601	9,887	9,905

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

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INTERLINK ELECTRONICS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2023	Year ended December 31, 2022
	(in thousands)		(in thousands)	
Net income (loss)	$ 1,672	$ (734)	$ (383)	$ 1,672
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(194)	59	298	(194)
Comprehensive income (loss)	$ 1,478	$ (675)	$ (85)	$ 1,478

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

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INTERLINK ELECTRONICS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in-Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in-Capital	Accumulated Other Comprehensive Income (Loss)	Accu D
Balance at December 31, 2020	—	$ —	6,601	$ 7	$57,966	$ 37	$ (49,170)	$ 8,840							
Net (loss)	—	—	—	—	—	—	(734)	(734)							
Issuance of preferred stock	200	2	—	—	4,566	—	—	4,568							
Preferred stock dividends	—	—	—	—	—	—	(48)	(48)							
Foreign currency translation adjustment	—	—	—	—	—	59	—	59							
Stock-based compensation expense	—	—	1	—	20	—	—	20							
Balance at December 31, 2021	200	$ 2	6,602	$ 7	$62,552	$ 96	$ (49,952)	$ 12,705	200	$ 2	9,904	$ 10	$62,549	$ 96	$ (4

Net income	—	—	—	—	—	—	1,672	1,672	—	—	—	—	—	—	
Issuance of common stock	—	—	6	—	50	—	—	50	—	—	8	—	50	—	
Preferred stock dividends	—	—	—	—	—	—	(400)	(400)	—	—	—	—	—	—	
Foreign currency translation adjustment	—	—	—	—	—	(194)	—	(194)	—	—	—	—	—	(194)	
Stock-based compensation expense	—	—	2	—	15	—	—	15	—	—	3	—	15	—	
Balance at December 31, 2022	200	$ 2	6,610	$ 7	$62,617	$ (98)	$ (48,680)	$ 13,848	200	$ 2	9,915	$ 10	$62,614	$ (98)	$ (4
Net income									—	—	—	—	—	—	
Repurchases of common stock									—	—	(56)	—	(350)	—	
Preferred stock dividends									—	—	—	—	—	—	
Foreign currency translation adjustment									—	—	—	—	—	298	
Stock-based compensation expense									—	—	1	—	15	—	
Balance at December 31, 2023									200	$ 2	9,860	$ 10	$62,279	$ 200	$ (4

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

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INTERLINK ELECTRONICS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		Year ended December 31,	
	2022	2021	2023	2022
	(in thousands)			

			(in thousands)	
Cash flows from operating activities:				
Net income (loss)	$ 1,672	$ (734)	$ (383)	$ 1,672
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Adjustments to reconcile net income (loss) to net cash (used in) operating activities:				
Depreciation and amortization	248	281	863	248
Stock-based compensation expense	15	20	15	15
Unrealized and realized (gains) on marketable securities	(2,449)	—	—	(2,449)
Loss on disposal of property, plant and equipment	—	14		
Gain on forgiveness of PPP loan	—	(186)		
Adjustment to reconcile operating lease expense to cash paid	(7)	(15)	11	(7)
Deferred income taxes	(131)	519	(83)	(131)
Changes in operating assets and liabilities:				
Accounts receivable	216	33	(291)	216
Inventories	(286)	66	284	(286)
Prepaid expenses and other assets	128	(7)	(170)	128
Accounts payable	(209)	88	87	(209)
Accrued liabilities	(179)	150	(184)	(179)
Accrued income taxes	67	2	(265)	67
Net cash provided by (used in) operating activities	(915)	231		
Net cash (used in) operating activities			(116)	(915)
Cash flows from investing activities:				
Purchases of marketable securities	(6,027)	—	—	(6,027)
Proceeds from sales of marketable securities	8,476	—	—	8,476
Purchases of property, plant and equipment	(42)	(159)	(123)	(42)
Acquisition of Calman Technology Limited, net of cash acquired			(4,873)	—
Acquisition of SPEC and KWJ, net of cash acquired	(1,672)	—	111	(1,672)
Net cash provided by (used in) investing activities	735	(159)	(4,885)	735
Cash flows from financing activities:				
Proceeds from issuance of preferred stock, net of $432 of issuance costs	—	4,568		
Payment of dividends on preferred stock	(400)	(48)	(400)	(400)
Proceeds from issuance of common stock	50	—		
Net cash provided by (used in) financing activities	(350)	4,520		
Repurchases of common stock			(350)	—
Issuance of common stock			—	50
Net cash (used in) financing activities			(750)	(350)
Effect of exchange rate changes on cash	(161)	65	(36)	(161)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(691)	4,657		
Net (decrease) in cash, cash equivalents, and restricted cash			(5,787)	(691)
Cash, cash equivalents and restricted cash, beginning of period	10,782	6,125	10,091	10,782
Cash, cash equivalents and restricted cash, end of period	$ 10,091	$ 10,782	$ 4,304	$ 10,091
Reconciliation of cash, cash equivalents and restricted cash, end of period:				
Cash and cash equivalents, end of period	$ 10,091	$ 10,777		
Restricted cash, end of period	—	5		
Cash, cash equivalents and restricted cash, end of period	$ 10,091	$ 10,782		
Supplemental disclosure of cash flow information:				
Income taxes paid	$ 272	$ 138	$ 487	$ 272
Interest paid	—	—	—	—
Supplemental non-cash investing and financing activities:				
Lease liabilities arising from obtaining right-of-use assets	$ 178	$ 50	$ 55	$ 178

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

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INTERLINK ELECTRONICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - – The Company and its Significant Accounting Policies

Description of Business

Interlink Electronics, Inc. ("we," "us," "our," "Interlink" or the "Company") operates is a global sensor and printed electronics company operating in two principal sensor technology divisions: force-sensing technology force/touch sensors, and gas-sensing technology. gas and environmental sensors. We design, develop, manufacture and sell a range of force-sensing and gas-sensing technologies that incorporate our proprietary materials technology, firmware and software into a portfolio of standard sensor based sensor-based products and custom sensor system solutions. Our force-sensing products and solutions include sensor components, subassemblies, modules and products that support effective, efficient cursor control and novel three-dimensional user inputs. Our Human Machine Interface ("HMI") technology platforms are deployed in a wide range of markets including consumer electronics, automotive, industrial, and medical. Our membrane keypads, graphic overlays, printed electronics and industrial label products are applicable for use in a wide range of fields, from industrial automation, process control and monitoring to medical and diagnostic devices and defense systems. Our electrochemical gas-sensing technology instruments, products and solutions are deployed in industry, community, health and home settings, with uses in fields such as carbon monoxide and ozone detection and air quality monitoring.

Interlink serves We serve our world-wide customer base from our corporate headquarters in Irvine, California, California; our Global Product Development and Materials Science Center and distribution and logistics center in Camarillo, California, California; our printed-electronics manufacturing facility facilities in Shenzhen, China, and Irvine, Scotland; our advanced and proprietary production and product development facility in Newark, California, California; our engineering, research and development center in Singapore, Singapore; our technical sales office in Japan; and our distribution and logistics center in Hong Kong. We also maintain a technical and sales office in Japan, and we expect to launch an engineering, research and development center in the United Kingdom. Our principal executive office is located at 1 Jenner, 15707 Rockfield Boulevard, Suite 200, 105, Irvine, California 92618 and our telephone number is (805) 484-8855. Our website address is www.interlinkelectronics.com.

March 2024 Common Stock Dividend

On March 1, 2024, the Board of Directors declared a 50% common stock dividend with a record date of March 11, 2024, that was paid on March 22, 2024. Settlement of fractional share interests will be made by issuing one full share of common stock in lieu of a fractional share. Although the exact effect on common stock outstanding will depend on the number of fractional share settlements, the stock dividend is expected to increase the number of issued and outstanding shares of common stock from 6,573,570 to approximately 9,860,355. Except as otherwise noted, all references to common stock, common stock issuable upon conversion of preferred stock, and corresponding per share information throughout this Annual Report on Form 10-K have been retroactively adjusted to reflect the stock dividend, which is accounted for as a stock split effected in the form of a stock dividend.

Fiscal Year

Our fiscal year is the calendar year reporting cycle beginning January 1 and ending December 31.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Our reporting currency is the United States dollar.

Our consolidated financial statements include the accounts of Interlink Electronics, Inc. and our subsidiaries in China, Hong Kong, Singapore, and the United Kingdom. All intercompany accounts and transactions were eliminated in consolidation.

Foreign Currency Translation

The functional currency of our Chinese subsidiary is the Chinese Yuan Renminbi. The functional currency for our Hong Kong, Singapore and United Kingdom subsidiaries is the United States dollar. However, our Hong Kong, Singapore, and United Kingdom subsidiaries also transact business in their local currency. Assets and liabilities are translated into United States dollars at the exchange rate in effect on the balance sheet date. Revenues and expenses are translated at the average exchange rate prevailing during the respective periods. Foreign currency transaction and remeasurement gains and losses are included in results of operations within other

income (expense), net, for which gains (losses) of $121 thousand $3,000 and $(40) thousand $121,000 were recorded in the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Segment Reporting

We operate in one reportable segment: the manufacture and sale of force- force/touch - and gas-sensing gas/environmental-sensing technology solutions.

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and disclosures made in the accompanying notes to the consolidated financial statements. Management regularly evaluates estimates and assumptions related to revenue recognition,

allowances for credit losses, inventory valuation reserves, warranty reserves, stock-based compensation, purchased intangible asset valuations and useful lives, asset retirement obligations, and deferred income tax asset valuation allowances. These estimates and assumptions are based on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The actual results we experience may differ materially and adversely from our original estimates. To the extent there are material differences between the estimates and the actual results, our future results of operations will be affected.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), when its customer obtains control of promised goods or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods or services. To determine revenue recognition for arrangements that are within the scope of ASC 606, we perform the following five steps; (i) identify the contracts(s) contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognize revenue when (or as) we satisfy a performance obligation. The five-step model is applied to contracts when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services transferred to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, we assess the goods or services promised within each contract and determine those that are performance obligations and assess whether each promised good or service is distinct. We then recognize revenue in the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Delivery occurs when goods are shipped and title and risk of loss transfer to the customer, in accordance with the terms specified in the arrangement with the customer. Revenue recognition is deferred until the earnings process is complete.

We (i) input orders based upon receipt of a customer purchase order, (ii) confirm pricing through the customer purchase order record, (iii) validate creditworthiness through past payment history, credit agency reports and other financial data, and (iv) recognize revenue upon shipment of goods or when risk of loss and title transfer to the buyer. All customers have warranty rights, and some customers also have explicit or implicit rights of return. We establish reserves for potential customer returns or warranty repairs based on historical experience and other factors that enable us to reasonably estimate the obligation.

A portion of our product sales is made through distributors under agreements allowing for right of return. Our past history with these sell-through right of return provisions allow us to reasonably estimate the amount of inventory that could be returned pursuant to these agreements, and revenue is recognized accordingly.

Warranty

We establish reserves for future product warranty costs that are expected to be incurred pursuant to specific warranty provisions with our customers. We generally warrant our products against defects for one year from date of shipment, with certain exceptions in which the warranty period can extend to more than one year based on contractual agreements. Warranty claims charges are recorded within cost of revenue as claims are incurred and honored. At each reporting period, we adjust our reserve for warranty claims (as either a charge or benefit to cost of revenue) based on our actual warranty claims experience as a percentage of net revenue during the preceding 24 months, as an estimation of the total future warranty claims expected to be incurred and honored for goods sold through

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the end of the reporting period. We also consider the effect of known operations issues that may have an impact that differs from historical trends. Historically, our warranty returns have not been material.

Shipping and Handling Fees and Costs

Amounts billed to customers for shipping and handling fees are classified in revenue. Costs incurred for shipping and handling are classified in cost of revenue.

Engineering, Research and Development Costs

Engineering, research and development (“R&D”) costs are expensed when incurred. R&D expenses consist primarily of compensation expenses for employees engaged in research, design and development activities. R&D expenses also include depreciation and amortization, and overhead, including facilities expenses.

Advertising and Marketing Costs

All of the costs related to advertising and marketing our products are expensed as incurred or at the time the marketing takes place.

Stock-based Compensation

All stock-based payments to employees, including grants of employee stock options and employee stock purchase rights, are recognized in the financial statements based on their respective grant date (measurement date) fair values. We calculate the compensation cost of full-value awards such as restricted stock-based on the market value of the underlying stock at the date of the grant. We estimate the expected life of a stock award as the period of time that the award is expected to be outstanding. We are required to estimate the fair value of stock-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service periods. We estimate the fair value of each option award as of the date of grant using the Black-Scholes option pricing model, which was developed for use in estimating the value of traded options that have no vesting restrictions and that are freely transferable. The Black-Scholes option pricing model considers, among other factors, the expected life of the award and the expected volatility of our stock price. Although the Black-Scholes option pricing model meets the accounting guidance requirements, the fair values generated by the Black-Scholes option pricing model may not be indicative of the actual fair values of our awards, as it does not consider other factors important to those stock-based payment awards, such as continued employment, periodic vesting requirements, and limited transferability.

We have elected to recognize compensation expense for all stock-based awards on a straight-line basis over the requisite service period for the entire award. The amount of compensation expense recognized through the end of each reporting period is equal to the portion of the grant-date value of the awards that have vested, or for partially vested awards, the value of the portion of the award that is ultimately expected to vest for which the requisite services have been provided. The benefits of tax deductions in excess of recognized compensation cost are reported as a financing cash flow.

Other Income (Expense), Net

Other income (expense), net, consists of interest income, foreign currency exchange gains and losses, gains and losses on marketable securities, and other non-operating income and expenses.

Income Taxes

We account for income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. We assess the likelihood that our deferred tax assets will be recovered from future taxable income and to the extent we believe that recovery is not determinable beyond a “more likely than not” standard, we establish a valuation allowance. To the extent we establish a valuation allowance or increase or decrease this allowance in a period, we include an expense or benefit within the tax provision in the statement of operations. We also utilize a “more likely than not” recognition threshold and measurement analysis for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We recognize potential accrued interest and penalties related to unrecognized tax benefits within the consolidated statements of operations as income tax expense.

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We operate within multiple tax jurisdictions and are subject to audit in these jurisdictions. Our foreign subsidiaries are subject to foreign income taxes on earnings in their respective jurisdictions. Earnings of our foreign subsidiaries are included in our U.S. federal income tax return as they are earned.

Comprehensive Income (Loss)

Comprehensive income (loss) includes all components of comprehensive income (loss), including net income (loss) and any changes in equity during the period from transactions and other events and circumstances generated by non-owner sources.

Earnings Per Share

Basic earnings per share is computed by dividing net income (loss) applicable to common stockholders (i.e., net income (loss) adjusted for preferred stock dividends declared or accumulated) by the weighted average number of common shares outstanding

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during the period. Diluted earnings per share is computed by dividing net income (loss) applicable to common stockholders by the weighted average number of diluted common shares, which is inclusive of includes common stock equivalents from, if applicable, and if dilutive, unexercised stock options, unvested restricted stock units, and shares issuable upon conversion of convertible preferred stock. Unexercised stock options and unvested restricted stock units and convertible preferred stock are considered to be common stock equivalents if, using the treasury stock method, they are determined to be dilutive. Convertible preferred stock is considered to be common stock equivalents if, using the if-converted method, they are determined to be dilutive.

Under the two-class method of determining earnings for each class of stock, we consider the dividend rights and participating rights in undistributed earnings for each class of stock.

On March 1, 2024, the Board of Directors declared a 50% common stock dividend that was paid on March 22, 2024. For all years presented, all share and per share data have been retroactively adjusted for the effect of the 50% common stock dividend, which is accounted for as a stock split effected in the form of a stock dividend.

Leases

The Company accounts for its leases under ASC 842. Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases and are recorded on the consolidated balance sheet as both a right-of-use asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company's incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use asset is amortized over the lease term. For finance leases, interest on the lease liability and the amortization of the right-of-use asset results in front-loaded expense over the lease term. Variable lease expenses are recorded when incurred.

In calculating the right-of-use and lease liability, the Company has elected to combine lease and non-lease components. The Company excludes short-term leases having initial term of 12 months or less from the new guidance as an accounting policy election and recognizes rent expense on a straight-line basis over the lease term.

Risk and Uncertainties

Our future results of operations involve a number of risks and uncertainties. Factors that could affect our business or future results and cause actual results to vary materially from historical results include, but are not limited to, the rapid change in our industry; problems with the performance, reliability or quality of our products; loss of customers; impacts of doing business internationally, including foreign currency fluctuations, changes in the trade policies of countries in which we or our customers do business, and political instability; potential shortages of the supplies we use to manufacture our products; disruptions in our manufacturing facilities; changes in environmental directives impacting our manufacturing process or product lines; the development of new proprietary technology and the enforcement of intellectual property rights by or against us; our ability to attract and retain qualified employees; and our ability to raise additional capital.

Public health threats could Our operations and financial results may be adversely affect affected by outbreaks of viruses, widespread illness, infectious diseases, contagions and unforeseen epidemics (such as the COVID-19 coronavirus) in countries in which our ongoing or planned business operations, including shutdowns, products are manufactured and sold. We experienced delays in the receipt of certain goods and the supply of our products from international and domestic shipping origins as a result of the COVID-19 pandemic and more general global supply chain disruptions, logistical restrictions, impacts constraints in fiscal 2021, and to a lesser extent in

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fiscal 2022 and 2023. Depending on consumer spending patterns, the continued extent and other such affects. In particular, the outbreak duration of a novel coronavirus (COVID-19) in China resulted in quarantines, restrictions on travel these and other business similar constraints and economic disruptions. We cannot predict the scope and severity of potential business shutdowns or economic disruptions posed by public health threats, but if we or any of the third parties with whom we engage, including the suppliers, distributers, resellers and other third parties with whom we conduct business, were to experience shutdowns or other business disruptions, our ability to conduct our supply chain, results of operations (including sales) or future business in the manner and on the timelines presently planned could may be materially and adversely impacted. These and other issues affecting our international suppliers or internationally manufactured merchandise could have a material adverse effect on our business, results of operations and financial condition.

Cash, Cash Equivalents and Restricted Cash

We invest excess cash in highly liquid interest-bearing instruments, including commercial paper or money market accounts. Investments with original maturity dates less than 90 days are classified as cash equivalents. Cash that is reserved for a specific purpose and therefore not available for immediate or general business use is classified as restricted cash. All of our cash, cash equivalents and restricted cash are held at major financial institutions in the United States, China, Hong Kong and Singapore. Our balances in each country were insured at the maximum limit determined by each country. In the U.S., we had approximately $8.4 million $94,000 and $8.2 million $8.4 million in excess of the Federal Deposit Insurance Corporation limit of $250 thousand $250,000 per depositor, per insured bank at December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Approximately $0.7 million $1.1 million and $1.9

million $0.7 million held in banks in China at December 31, 2022 December 31, 2023 and 2021, 2022, respectively, was not insured. Approximately $168 thousand $132,000 and $296 thousand $168,000 held in banks in Singapore at December 31, 2022 December 31, 2023 and 2021, 2022, respectively, was not insured. Approximately $63 thousand $40,000 and $202 thousand $63,000 held in banks in Hong Kong at December 31, 2022 December 31, 2023 and 2021, 2022, respectively, was not insured. Approximately $1.1 million held in banks in the United Kingdom at December 31, 2023 was not insured.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at the invoice amount and presented net of the allowance for credit losses. Our receivables do not bear interest. We evaluate the collectability of accounts receivable at each balance sheet date using a combination of factors, such as specific customer historical experience and credit quality, overall historical data, age of the accounts receivable balances, and economic conditions that may affect a customer's ability to pay. We include any accounts receivable balances that are determined to be uncollectible in the overall allowance for credit losses using the specific identification method. After all attempts to collect a receivable have failed, the receivable is written off against the allowance.

Inventories

Inventories are stated at the lower of cost or net realizable value ("NRV"). Inventory costs are determined using standard costs which approximate actual costs under the first-in, first-out method. Costs include the costs of purchased materials and outsourced assembly. NRV is the amount by which the estimated selling price of the product exceeds the sum of any additional costs expected to be incurred on the sale of such product in the ordinary course of business.

We evaluate inventories for excess quantities and obsolescence. Our evaluation considers market and economic conditions; technology changes; new product introductions; and changes in strategic business direction. Estimates by their very nature include elements that are uncertain. In order to state the inventory at the lower of cost or NRV, we maintain reserves against individual stocking units Inventory reserves, once established, are not reversed until the related inventories have been sold or scrapped. If future demand or market conditions are less favorable than our projections, a write-down of inventory may be required, and would be reflected in cost of revenues sold in the period the revision is made.

Property, Plant and Equipment, Net

Property, plant and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization expense are calculated using the straight-line method over the assets' remaining estimated useful lives, ranging from two to five years for machinery and equipment, including product tooling; and the shorter of the lease terms or estimated useful lives for leasehold improvements. When property, plant and equipment is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Gains and losses from retirements and asset disposals are recorded in selling, general and administrative expenses. Repairs and maintenance on our property, plant and equipment are expensed in the period incurred.

We perform periodic reviews to evaluate the recoverability of property, plant and equipment and to determine whether facts and circumstances exist that would indicate that the carrying amounts of property, plant and equipment exceed their fair values. If facts and circumstances indicate that the carrying amount of property, plant and equipment might not be fully recoverable, projected undiscounted net cash flows associated with the related asset or group of assets over their estimated remaining useful lives are

compared against their respective carrying amounts. In the event that the projected undiscounted cash flows are not sufficient to recover the carrying value of the assets, the assets are written down to their estimated fair values. All long-lived assets to be disposed of are reported at the lower of carrying amount or fair market value, less expected selling costs.

Intangible Assets, Net

Our intangible assets consist primarily of patents and trademarks and are carried at cost less accumulated amortization. We evaluate our finite-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an intangible asset or asset group may not be recoverable. The carrying value of an intangible asset or asset group is not recoverable if the amounts amount of undiscounted future cash flows the assets are expected to generate (including any net proceeds expected from the disposal of the asset) are less than its carrying value. When we identify that an impairment has occurred, we reduce the carrying value of the asset to its comparable market value (if available and appropriate) or to its estimated fair value based on a discounted cash flow approach. As of December 31, 2022 December 31, 2023, we have not recognized any impairment losses for our intangible assets.

Goodwill

Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill acquired in a purchase business combination is determined to have an

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indefinite useful life and is not amortized but is tested for impairment at least annually or more frequently in events and circumstances exist that indicate that a goodwill impairment test should be performed. We have selected December 31 as the date to perform the annual impairment test. As of December 31, 2022 December 31, 2023, we have not recognized any impairment losses for our goodwill.

Fair Value Measurements

We determine fair value measurements based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, we follow the following fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) our own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs):

Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets;

Level 2: Other inputs observable directly or indirectly, such as quoted prices for similar assets or liabilities or market-corroborate inputs; and

Level 3: Unobservable inputs for which there is little or no market data and which requires the owner of the assets or liabilities to develop its own assumptions about how market participants would price these assets or liabilities.

Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy.

Recently Issued Accounting Pronouncements

We reviewed all recently issued accounting pronouncements and concluded they are not applicable or not expected to be material to our financial statements.

Subsequent Events

The Company has evaluated subsequent events through March 29, 2023 March 25, 2024, being the date these consolidated financial statements were issued.

On March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. According to the FDIC, all insured depositors of SVB will have full access to their insured deposits. The Company has total cash and cash equivalents of approximately $10 million March 10, 2023. Approximately $800 thousand was held at SVB at that date, which represents approximately 8% of the Company's cash and cash equivalents balance at that date. The Company's deposits with SVB are largely uninsured. Notwithstanding the closure of SVB, the Company continues to believe that its existing cash and cash equivalents balance and cash flow from operations will be sufficient to meet its working capital, capital expenditures, and material cash requirements from known contractual obligations for the next twelve months and beyond.

On March 17, 2023, we acquired all of the stock of Calman Technology Limited, an independent company based outside Glasgow, Scotland, with over 25 years of experience in the design and manufacture of membrane keypads, graphic overlays and printed electronics. The purchase price was approximately $5.0

million.

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Note 2 – Details of Certain Financial Statement Components

The following tables provide details of selected balance sheet items:

	December 31, 2022		December 31, 2021		December 31, 2023		December 31, 2022	
Inventories	(in thousands)							
Inventories								
Inventories								
Inventories								
Inventories								
Inventories								
Inventories					(in thousands)			
Raw materials	$	1,632	$	447	$	1,986	$	1,635
Work-in-process		192		209		232		192
Finished goods		285		158		258		285
Total inventories	$	2,112	$	814	$	2,476	$	2,112

	December 31, 2022		December 31, 2021		December 31, 2023		December 31, 2022	
Property, plant and equipment, net								
Property, plant and equipment, net								
Property, plant and equipment, net								
Property, plant and equipment, net								
Property, plant and equipment, net								
Property, plant and equipment, net								
Property, plant and equipment, net	(in thousands)				(in thousands)			
Furniture, machinery and equipment	$	1,688	$	1,696	$	2,009	$	1,688
Leasehold improvements		417		444		412		417
		2,105		2,140		2,421		2,105
Less: accumulated depreciation		(1,921)		(1,802)		(2,108)		(1,921)
Total property, plant and equipment, net	$	184	$	338	$	313	$	184

Depreciation expense totaled $193 thousand $200,000 and $216 thousand $193,000 in 2023 and 2022, respectively.

The changes in the carrying amount of goodwill for the years ended December 31, 2023 and 2021, respectively. 2022 are as follows:

	December 31, 2022		December 31, 2021	
Intangible assets, net	(in thousands)			
Patents and trademarks	$	658	$	658
Less: accumulated amortization		(582)		(527)

Total intangibles, net	$ 76	$ 131	

	(in thousands)
Balance as of January 1, 2022	$ —
Goodwill acquired in acquisition of SPEC/KWJ	650
Balance as of December 31, 2022	650
Adjustment to goodwill, acquisition price allocation of SPEC/KWJ	(404)
Goodwill acquired in acquisition of Calman	2,064
Adjustment to goodwill, foreign currency exchange rate changes	151
Balance as of December 31, 2023	$ 2,461

Intangible assets, net	Weighted Averge Amortization period	December 31, 2023	December 31, 2022
		(in thousands)	
Patents, tradenames, and trademarks	5 Years	$ 935	$ 658
Developed technology	3.5 Years	543	—
Customer relationships	6 Years	1,449	—
Non-compete agreements	4 Years	930	—
Order backlog	0.5 Years	22	—
In-process research and development	Indefinite	29	—
		3,908	658
Less: accumulated amortization		(1,254)	(582)
Total intangible assets, net		$ 2,654	$ 76

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Amortization expense totaled $54 thousand $662,000 and $65 thousand $54,000 in 2022 2023 and 2021, 2022, respectively. Future amortization on existing intangibles intangible assets over the next five years and thereafter is as follows:

Years ending December 31,	(in thousands)	(in thousands)
2023	$ 42	
2024	27	$ 751
2025	7	674
2026	—	545
2027	—	336
2028		264
Thereafter	—	84
	$ 76	$ 2,654

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
Accrued liabilities	(in thousands)			
Accrued liabilities				
Accrued liabilities				

Accrued liabilities				
Accrued liabilities				
Accrued liabilities				
Accrued liabilities			**(in thousands)**	
Accrued wages and benefits	$ 320	$ 402	$ 204	$ 320
Accrued vacation	223	82	185	223
Accrued other liabilities	25	23	103	25
Total accrued liabilities	$ 568	$ 507	$ 492	$ 568

Note 3 – Marketable Securities

Our marketable securities consist of equity securities classified as available-for-sale ("AFS") and recorded at fair value, as determined using Level 1 inputs on the fair value hierarchy. Realized and unrealized gains and losses are reported in earnings within "other income (expense), net". The specific identification method is used to determine realized gains and losses on AFS securities. During the years ended December 31, 2023 and 2022, we purchased $0 and $6.027 million of marketable securities, respectively and we sold $0 and $8.476 million of marketable securities, respectively, for realized gains of $0 and $2.249 million, respectively.

Note 4 – Acquisition

Acquisition of Assets of SPEC Sensors and KWJ Engineering

On December 16, 2022, we acquired substantially all of the assets of SPEC Sensors, LLC ("SPEC"), and KWJ Engineering, Inc. ("KWJ") (collectively, "SPEC/KWJ"), two designers and manufacturers of gas, air and environmental quality sensors that were under common ownership, pursuant to an Asset Purchase Agreement, dated as of December 16, 2022 (the "Asset Purchase Agreement"), by and among the Company, SPEC/KWJ, and the respective equity holders of SPEC and KWJ. The Asset Purchase Agreement contains customary representations, warranties and covenants, including non-competition covenants. Under the terms of the Asset Purchase Agreement, the purchase price for both companies' assets was $2,000,000 plus the amount by which the combined companies' net working capital at closing was more than $1,350,000. At closing, the purchase price was preliminarily calculated as $2,269,000, of which $1,519,000 was paid to SPEC/KWJ, and $750,000 was paid into escrow against purchase price adjustments and potential claims for breaches of representations and warranties by SPEC/KWJ or the equity holders. Subsequent to the closing, the parties reached an agreement pursuant to which (i) the purchase price was reduced to $2,102,313 resulting from the determination that the closing date net working capital was $166,687 lower than was preliminarily calculated, with such funds having been distributed back to the Company from the escrow account in May 2023, and (ii) the remaining funds in the escrow account were released to SPEC/KWJ in May 2023 without prejudice to the Company's rights in respect of breaches of representations, warranties or covenants.

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the years ended December 31, 2022 and 2021, we purchased $6.027 million and $0 of marketable securities, respectively and we sold $8.476 million and $0 of marketable securities, respectively, for realized gains of $2.249 million and $0, respectively.

Note 4 – Acquisition of Assets of SPEC Sensors and KWJ Engineering

On December 16, 2022, we acquired all of the assets of SPEC Sensors, LLC, a Delaware limited liability company ("SPEC"), and KWJ Engineering, Inc., a California corporation ("KWJ") (collectively, "SPEC/KWJ"), two industry-leading designers and manufacturers of gas, air and environmental quality sensors, pursuant to an Asset Purchase Agreement, dated as of December 16, 2022 (the "Purchase Agreement"), by and among the Company, SPEC/KWJ, and the equity holders of SPEC and KWJ (the "Transaction"). The Purchase Agreement contains customary representations, warranties and covenants, including non-competition covenants. Under the terms of the Purchase Agreement, the purchase price for both companies' assets was $2,000,000, plus (or minus) the amount by which the combined companies' net working capital at closing is more (or less) than $1,350,000, which was preliminarily calculated as $2,213,527, of which $1,519,000 was paid at closing, $375,000 was paid into escrow subject to a 90-day purchase price adjustment process (of which we expect $55,473 will be reimbursed to us), and $375,000 was paid into escrow to be available to satisfy claims, if any, made by the Company for breaches of representations and warranties by SPEC/KWJ or the equity holders.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date, giving effect to the post-closing purchase price adjustment (in thousands). We are in the process of identifying and measuring the

Cash	$ 541
Accounts receivable	306
Inventories	952
Prepaid expenses and other current assets	52
Property and equipment	50
Deposits	16
Accounts payable and accrued liabilities	(415)
Net identifiable tangible assets acquired	1,502
Developed technology	134
Customer relationships	96
Tradenames and trademarks	47
In-process research and development	29
Non-compete agreements	26
Order backlog	22
Goodwill	246
Net assets acquired	$ 2,102

The fair value of certain property and equipment assets, intangible assets, and working capital balances, thus accounts receivable is equal to the provisional measurements of these assests and goodwill are subject $306,000 gross contractual amount, as we expect the entire balance to change.

Cash	$ 541
Accounts receivable	316
Inventories	1,063
Prepaid expenses and other current assets	42
Deposits	16
Accounts payable	(157)
Accrued liabilities	(257)
Net identifiable assets acquired	1,564
Goodwill	650
Net assets acquired	$ 2,214

be collectible.

The goodwill recognized is attributable primarily to expected synergies and the assembled workforces of SPEC/KWJ. The goodwill is expected to be deductible for income tax purposes.

Acquisition of Calman Technology Limited

On March 17, 2023, we acquired all of the outstanding shares in Calman Technology Limited (“Calman”), a Scotland-based designer and manufacturer of membrane keypads, graphic overlays and printed electronics, pursuant to a Share Purchase Agreement (the “Share Purchase Agreement”) by and among the Company’s wholly owned United Kingdom subsidiary, Interlink Electronics Limited, and the shareholders of Calman. The Share Purchase Agreement contains customary representations, warranties and covenants, including non-competition covenants on the part of the sellers, who continue to be employed by Calman. Under the terms of the Share Purchase Agreement, the purchase price was GB£4,127,000 (approximately $4,912,000), of which GB£3,627,000 (approximately $4,317,000) was paid at closing and the remaining GB£500,000 (approximately $595,000) was held back against potential claims for breaches of representations and warranties (subject to certain deductibles and caps) and was paid to the sellers in December 2023. The purchase price was subject to adjustment based on the extent, if any, to which Calman’s net working capital at closing was more or less than GB£600,000 (approximately $714,000), which resulted in additional purchase consideration of approximately GB£1,292,000 (approximately $1,538,000).

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands).

Cash	$ 1,577
Accounts receivable	656
Inventories	622
Prepaid expenses and other current assets	12
Property, plant, and equipment	146

Right-of-use assets	91
Accounts payable and accrued liabilities	(615)
Lease liabilities	(91)
Net identifiable tangible assets acquired	2,398
Developed technology	381
Tradenames and trademarks	214
Customer relationships	1,260
Non-compete agreements	843
Deferred tax liabilities	(710)
Goodwill	2,064
Net assets acquired	$ 6,450

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After our September 30, 2023 financial statements were issued, the valuation report for the acquired intangible assets was completed. Based on the results of that valuation report, we have revised the preliminarily allocated GB£3,404,000 (approximately $4,052,000) of goodwill to be allocated as follows: GB£320,000 (approximately $381,000) developed technology, GB£180,000 (approximately $214,000) trademarks and tradenames, GB£1,059,000 (approximately $1,260,000) customer relationships, GB£708,000 (approximately $843,000) non-compete agreements, and GB£1,734,000 (approximately $2,064,000) goodwill, offset by GB£597,000 (approximately $710,000) deferred tax liabilities. In addition, the changes in these provisional amounts resulted in an increase in amortization expense and accumulated amortization of GB£266,000 (approximately $329,000) recorded in the three months ended December 31, 2023, of which GB£20,000 (approximately $25,000) relates to the three months ended March 31, 2023, GB£123,000 (approximately $155,000) relates to the three months ended June 30, 2023, and GB£123,000 (approximately $149,000) relates to the three months ended September 30, 2023.

The fair value of accounts receivable is equal to the $316 thousand $656,000 gross contractual amount, as we expect the entire balance to be collectible. Revenue

The goodwill recognized is attributable primarily to expected synergies and (loss) the assembled workforce of SPEC/KWJ included in our consodliated statement of operations from the acquisition date Calman. The goodwill is not expected to December 31, 2022 were $10 thousand and $(100) thousand, respectively. be deductible for income tax purposes.

The following represents the proforma pro forma consolidated statement of operations as if both SPEC/KWJ and Calman had been included in our consolidated results for the entire full fiscal years ended December 31, 2022 December 31, 2023 and 2021 2022 (unaudited):

	Year Ended December 31,		Pro Forma Year Ended December 31,	
	2022	2021	2023	2022
	(in thousands)		(in thousands)	
Revenue	$ 12,175	$ 12,274	$ 14,705	$ 14,708
Net income (loss)	$ 1,367	$ (487)		
Net income			$ 157	$ 2,835

Note 5 - – Series A Convertible Preferred Stock

In October and November 2021, the Company sold to investors in a private placement exempt from registration under the Securities Act of 1933, as amended, an aggregate of 200,000 shares of its 8.0% Series A Convertible Preferred Stock, par value $0.01 per share, at an offering price of $25.00 per share, for gross proceeds of $5.0 million. After payment of placement agent cash fees and expenses of the offering, the Company received net proceeds of approximately $4.6 million.

Holders of the Series A Convertible Preferred Stock generally have no voting rights. Dividends on the Series A Convertible Preferred Stock accrue daily and are payable monthly in arrears on the 15th day of the calendar month, at the rate of 8.0% per annum of its

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liquidation preference, which is the equivalent to $2.00 per annum per share. Each share of Series A Convertible Preferred Stock is convertible into shares of the Company's common stock at a conversion price of $12.50 $8.33 per common share, or 2.0 3.0 shares of common stock, as adjusted for the 50% common stock dividend declared and paid in March 2024, at any time at the option of the holder, subject to certain customary adjustments. Holders of Series A Convertible Preferred Stock do not participate in common stock dividends, but such common stock dividends if and when declared would reduce the conversion price at which shares of Series A Convertible Preferred Stock would convert into common stock. The Company may elect to automatically convert some or all of the Series A Convertible Preferred Stock into shares of common stock at any time on or after April 22, 2022 if the closing price of the common stock equals or exceeds $15.00 $10.00 (120% of the initial conversion price) for at least 20 out of 30 consecutive trading days ending within five trading days prior to the notice of automatic conversion. The Company may redeem, at the Company's option, the Series A Convertible Preferred Stock, in whole or in part, at a cash redemption price of $27.50 plus accrued and unpaid dividends beginning April 22, 2022 through October 21, 2023, at a cash redemption price of $28.125 plus accrued and unpaid dividends beginning October 22, 2023 through October 21, 2024, and, at a cash redemption price of $28.75 plus accrued and unpaid dividends beginning October 22, 2024. If the Company exercises the foregoing redemption right, holders of the Series A Convertible Preferred Stock will have the right to convert such shares into shares of common stock at the conversion price until the redemption date specified in the redemption notice delivered by the Company.

The Company entered into a registration rights agreement with the investors pursuant to which the Company agreed to register for resale by the investors the shares of common stock issuable upon conversion of the Series A Convertible Preferred Stock. The registration statement was filed on December 10, 2021, and was declared effective on December 21, 2021.

Note 6 - – Stock-Based Compensation

Under the terms of our 2016 Omnibus Incentive Plan, directors, officers and key employees could be granted restricted stock units and stock awards, as well as non-qualified or incentive stock options, at the discretion of the Compensation Committee of the Board of Directors.

All stock-based payments to directors and employees, including grants of stock options and stock purchase rights, are recognized in the financial statements based on their respective grant date (measurement date) fair values. We calculate the compensation cost of full-value awards such as restricted stock units and stock awards based on the market value of the underlying stock at the date of the grant. The fair value of stock option awards is estimated at the date of grant using the Black-Scholes option pricing model; however, the value calculated using an option pricing model may not be indicative of the fair value observed in a willing buyer/willing seller market transaction, or actually realized by the employee upon exercise. Expected volatility used to estimate the fair value of options granted is based on the historical volatility of our common stock. The risk-free interest rate is based on the United States Treasury constant maturity rate for the expected life of the stock option. The expected life of a stock award is the period of time that the award is expected to be outstanding.

We recognize compensation expense for all stock-based awards on a straight-line basis over the requisite service period for the entire award. The amount of compensation expense recognized through the end of each reporting period is equal to the portion of the grant-date value of the awards that have vested, or for partially vested awards, the value of the portion of the award that is ultimately expected to vest for which the requisite services have been provided. The benefits of tax deductions in excess of recognized compensation cost are reported as a financing cash flow.

As of December 31, 2022 December 31, 2023, there were no stock-based compensation awards outstanding. The stock-based compensation expense recorded in the years ended December 31, 2022 December 31, 2023 and 2021 2022 was for shares of common stock issued to members of the Board of Directors as partial compensation for their service as a director.

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Note 7 - – Earnings Per Share

Basic earnings per share is computed by dividing net income (loss) applicable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period, plus the dilutive effect of outstanding any dilutive securities.

On March 1, 2024, the Board of Directors declared a 50% common stock options, restricted dividend with a record date of March 11, 2024, that was paid on March 22, 2024. The effect of this stock units, and dividend (which is accounted for as a stock split effected in the form of a stock dividend) has been applied retroactively to weighted average common shares issuable upon outstanding, earnings per share, and the conversion rate and conversion price applicable for our Series A Convertible Preferred Stock, as if the 50% common stock dividend had occurred at the beginning of convertible preferred stock using the treasury stock method. earliest period presented.

The following table sets forth the computation of basic and diluted earnings per share:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2023	Year Ended December 31, 2022
	(in thousands, except per share data)		(in thousands, except per share data)	
Net income (loss)	$ 1,672	$ (734)	$ (383)	$ 1,672
Less: Preferred stock dividends	(400)	(48)	(400)	(400)
Net income (loss) applicable to common stockholders	$ 1,272	$ (782)	$ (783)	$ 1,272
Weighted average common shares outstanding – basic	6,603	6,601	9,887	9,905
Dilutive potential common shares from stock options, restricted stock units, and convertible preferred stock	—	—		
Dilutive potential common shares from convertible preferred stock			—	—
Weighted average common shares outstanding – diluted	6,603	6,601	9,887	9,905
Earnings (loss) per common share, basic	$ 0.19	$ (0.12)	$ (0.08)	$ 0.13
Earnings (loss) per common share, diluted	$ 0.19	$ (0.12)	$ (0.08)	$ 0.13

Shares subject to anti-dilutive stock options and restricted stock units excluded from calculation	—	—		
Shares subject to anti-dilutive Series A Convertible Preferred Stock excluded from calculation	400	400	600	600

200,000 shares of Series A Convertible Preferred Stock convertible into 600,000 shares of common stock were outstanding but were not included in the computation of diluted earnings (loss) per share because the $8.33 conversion price was greater than the average market price of the common stock.

Note 8-8 – Income Taxes

Under GAAP, we use the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The components of earnings before income taxes for the years ended December 31, 2022 December 31, 2023 and 2021 2022 were as follows:

	Year Ended December 31,		Year Ended December 31,	
	2022	2021	2023	2022
	(in thousands)		(in thousands)	
Income (loss) before income taxes:				
Domestic	$ 1,363	$ (921)	$(846)	$1,363
Foreign	580	792	571	580
	$ 1,943	$ (129)	$(275)	$1,943

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Income tax provision (benefit) consists of the following for the years ended December 31, 2022 December 31, 2023 and 2021: 2022:

	Year Ended December 31,		Year Ended December 31,	
	2022	2021	2023	2022
	(in thousands)		(in thousands)	

Income tax provision (benefit):				
Current				
Federal	$ 254	$ (113)	$ 27	$ 254
State	13	1	10	13
Foreign	130	198	154	130
Total current	397	86	191	397
Deferred:				
Federal	—	267	—	—
State	—	253	—	—
Foreign	(126)	(1)	(83)	(126)
Total deferred	(126)	519	(83)	(126)
Total income tax provision (benefit)	$ 271	$ 605		
Total income tax provision			$108	$ 271

A reconciliation of the income tax provision (benefit) by applying the statutory United States federal income tax rate to income (loss) before income taxes is as follows:

	Year Ended December 31,				Year Ended December 31,			
	2022		2021		2023		2022	
	$	%	$	%	$	%	$	%
	(in thousands, except percentages)				(in thousands, except percentages)			
Federal income tax provision (benefit) at statutory rate	$ 408	21.0 %	$ (27)	21.0 %	$ (57)	21.0 %	$ 408	21.0 %
State tax expense net of federal tax benefit	130	6.7	(63)	49.0	(54)	19.6 %	130	6.7
Foreign taxes	22	1.1	24	(18.5)	23	(8.4)%	22	1.1
Other	(137)	(7.1)	42	(33.1)	49	(17.8)%	(137)	(7.1)
Change in valuation allowance	(152)	(7.8)	629	489.0	147	(53.4)	(152)	(7.8)
Income tax provision (benefit)	$ 271	13.9 %	$ 605	470.6 %				
Income tax provision					$108	39.3 %	$ 271	13.9 %

Deferred tax assets and liabilities are recognized for future tax consequences between the carrying amounts of assets and liabilities and their respective tax basis using enacted tax rates in effect for the fiscal year in which the differences are expected to reverse. Significant deferred tax assets and liabilities, consist of the following:

	December 31,		December 31,	
	2022	2021	2023	2022

	(in thousands)		(in thousands)	
Deferred taxes, net				
Net operating loss carryforward	$ 211	$ 469	$ 235	$ 211
Accruals	62	22	52	62
Reserves	66	9	150	66
Property, plant and equipment, and intangible assets	124	48	194	124
Stock-based compensation expense	85	85	85	85
Other	63	4	7	63
Total deferred tax assets	611	637	723	611
Valuation allowance	(477)	(629)	(640)	(477)
Net deferred tax assets	$ 134	$ 8	$ 83	$ 134
Intangible assets			(626)	—
Net deferred tax liabilities			$(626)	$ —

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Deferred taxes are recorded for the following net operating losses ("NOLs") that can be used in future tax years:

	December 31,		December 31,	
	2022	2021	2023	2022
	(in millions)		(in millions)	
Net operating losses				
Federal	$ 0.6	$ 1.1	$0.5	$0.6
State	1.3	3.2	1.9	1.3
Foreign	—	—	—	—
	$ 1.9	$ 4.3	$2.4	$1.9

The federal and state NOLs expire at various dates between 2022 2023 through 2030. Foreign NOLs are related to the jurisdiction of Hong Kong and may be carried forward indefinitely.

The Company experienced an ownership change under IRC Section 382 in February 2010. In general, a Section 382 ownership change occurs if there is a cumulative change in our ownership by "5% shareholders" (as defined in the Internal Revenue Code of 1986, as amended) that exceeds 50 percentage points over a rolling three-year period. An ownership change generally affects the rate at which NOLs and potential other deferred tax assets are permitted to offset future taxable income. Certain state jurisdictions within which we operate contain similar provisions and limitations. As of December 31, 2022, $32.3 million $29.7 million of the federal NOLs and $13.9 million $13.7 million of the state NOLs are subject to annual limitations due to the February 2010 ownership change, at approximately $71 thousand $71,000 per year. Because these limitations preclude the use of a large portion of these NOLs, the Company permanently wrote-off the related deferred tax assets during the year ended December 31, 2015. Because the Company maintained a full valuation allowance against these deferred tax assets, this write-off had no impact on tax expense. At December 31, 2022 December 31, 2023, the gross NOLs without regard to this permanent write-off is $32.2 million $29.7 million for federal and $13.8 million $13.7 million for state. A roll-forward of the NOLs for which deferred tax assets are now recorded is as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2023	Year Ended December 31, 2022
	(in millions)		(in millions)	
Net operating losses				
Balance at January 1,	$ 4.3	$ 2.9	$1.9	$ 4.3
NOL generated (utilized)	(2.4)	1.4	0.5	(2.4)
NOL expired unused	—	—	—	—
Other, including changes in foreign exchange rates	—	—	—	—
Balance at December 31,	$ 1.9	$ 4.3	$2.4	$ 1.9

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. We analyzed our need to record a valuation allowance against our otherwise recognizable net deferred tax assets in the federal, state and foreign jurisdictions, and we determined that a valuation allowance on federal and state deferred tax assets was necessary at both December 31, 2022 December 31, 2023 and 2021, 2022, while no valuation allowance on foreign deferred tax assets was necessary at both December 31, 2022 December 31, 2023 and 2021. 2022. One objective negative piece of evidence we evaluated was our cumulative domestic loss incurred over the three-year periods ended December 31, 2022 December 31, 2023 and 2021. 2022. Such objective negative evidence limits our ability to consider other subjective evidence, such as our projections for future profitability. On the basis of this evaluation, as of December 31, 2022 December 31, 2023 and 2021, 2022, a valuation allowance of $477 thousand $640,000 and $629 thousand, $477,000, respectively, was recorded against our domestic deferred tax assets. The amount of deferred tax assets considered realizable could be adjusted in future periods if estimates of future taxable income during the carryforward period are reduced or increased, or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as our projections for future profitability.

The Internal Revenue Code includes a provision, referred to as Global Intangible Low-Taxed Income ("GILTI"), which provides for a 10.5% tax on certain income of controlled foreign corporations. We have elected to account for GILTI as a period cost if and when occurred, rather than recognizing deferred taxes for basis differences expected to reverse.

Of the $10.1 million our $4.3 million of cash balances on hand at December 31, 2022 December 31, 2023, $0.9 million $2.3 million was held by our foreign subsidiaries. If these funds are needed for our U.S. operations in the U.S., or for acquisitions, we have several methods to repatriate the funds without significant tax effects, including

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repayment of intercompany loans or distributions of previously taxed income. Other distributions may require us to incur U.S. or

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foreign taxes to repatriate these funds. However, our intent is to permanently reinvest these funds outside the U.S. and our current plans do not demonstrate a need to repatriate cash to fund our U.S. operations. cash.

The Company is subject to taxation in the U.S. and various states and foreign jurisdictions. U.S. federal income tax returns after 2018 2020 remain open to examination. We and our subsidiaries are also subject to income tax in multiple state and foreign jurisdictions. Generally, state and foreign income tax returns after 2017 2019 remain open to examination. No income tax returns are currently under examination. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company does not have any unrecognized tax benefits, and continues to monitor its current and prior tax positions for any changes. The Company recognizes penalties and interest related to unrecognized tax benefits as income tax expense. For the years ended December 31, 2022 December 31, 2023 and 2021, 2022, there were no penalties or interest recorded in income tax expense.

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Note 9 - – Significant Customers, Concentrations of Credit Risk and Geographic Information

We manage and operate our business through one operating segment.

Net revenues from customers equal to, or greater than, comprising at least 10% of total net revenues are as follows:

	Year ended December 31,	
	2022	2021
Customer A	25 %	15 %
Customer B	* %	17 %
Customer C	18 %	* %
Customer D	* %	15 %

	Year ended December 31,	
	2023	2022
Customer A	22 %	25 %
Customer B	12 %	* %
Customer C	10 %	18 %

* less than 10% of total net revenues

Net revenues by geographic area are as follows:

	Year ended December 31,		Year ended December 31,	
	2022	2021	2023	2022
	(in thousands)		(in thousands)	
United States	$ 3,367	$ 2,185	$ 6,726	$ 3,367
Asia and Middle East	3,670	4,724	4,022	3,670
Europe and other	456	569	3,192	456
Revenue, net	$ 7,493	$ 7,478	$ 13,940	$ 7,493

Revenues by geographic area are based on the country of shipment destination. The geographic location of distributors and third-party manufacturing service providers may be different from the geographic location of the purchasers and/or ultimate end users.

We provide credit only to creditworthy third parties who are subject to our credit verification procedures. Accounts receivable balances are monitored on an ongoing basis and accounts deemed to have credit risk are fully reserved. At December 31, 2023, two customers accounted for 35% and 16% of total accounts receivable. At December 31, 2022, two customers accounted for 20% and 13% of total accounts receivable. At December 31, 2021, three customers accounted for 39%, 18%, and 12% of total accounts receivable. Our allowance for doubtful accounts was $0 at both December 31, 2022 December 31, 2023 and 2021. 2022.

Our long-lived assets were geographically located as follows:

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
	(in thousands)		(in thousands)	
United States	$ 935	$ 536	$ 733	$ 935
Europe			4,784	—
Asia	344	176	217	344
Total long-lived assets	$ 1,279	$ 712	$ 5,734	$ 1,279

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Note 10 – Retirement Savings Plan

We have a qualified retirement plan under the provisions of Section 401(k) of the Internal Revenue Code covering all U.S. employees. Participants in this plan may contribute between 1% and 60% of their eligible pay on a pretax basis, up to the annual Internal Revenue Service dollar limits. The Company will make matching contributions in an amount equal to 50% of the participant's deferral contributions, not to exceed $5,000. $5,000 per participant per year. All contributions, including the Company match, are vested immediately. Our matching contributions to the plan were $23 thousand $69,000 and $5 thousand $23,000 in 2022 2023 and 2021, 2022, respectively.

Note 11 – Paycheck Protection Program Loan 62

In April 2020, the Company received a loan in the aggregate principal amount Table of $186 thousand pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief, and Economic Security Act. The loan was evidenced by a promissory note, dated April 21, 2020, issued by us to the lender, which was to mature on April 20, 2022, and bore interest at a rate of 1.00% per annum, payable monthly following an initial deferral period as specified under the PPP. Proceeds from the loan were used to fund designated expenses, including certain payroll costs, group health care benefits and other permitted expenses, in accordance with the PPP. The full amount of the loan principal and interest was forgiven in February 2021. Forgiveness of the PPP loan resulted in contra-expense of $186 thousand being recorded in selling, general and administrative expense during the year ended December 31, 2021. Contents

Note 12 - 11 – Related Party Transactions

Qualstar Corporation (OTCMKTS:QBAK)

Qualstar Corporation (OTCMKTS:QBAK) (“Qualstar”) is a related party. Steven N. Bronson, our Chairman of the Board, President and Chief Executive Officer, is also the President, Chief Executive Officer and a director of Qualstar. Ryan J. Hoffman, our Chief Financial Officer, is was also the Chief Financial Officer of Qualstar. Qualstar through August 2023. Mr. Bronson, together with BKF Capital Group, Inc. (OTCMKTS:BKFG) which he controls, has a controlling interest in both Interlink and Qualstar. We have a facilities agreement with Qualstar to allow Qualstar to use of a portion of our Irvine, California and Los Angeles, California office facilities, for which we have agreed to split substantially all rent and lease-related costs on an apportioned basis according to the approximate relative usage levels by each entity. Qualstar also has a facilities agreement with us to allow us to use of a portion of its Camarillo, California office and warehouse facility, for which we have agreed to split substantially all rent and lease-related costs on an apportioned basis according to the approximate relative usage levels by each entity. In addition, we have various consulting agreements with Qualstar for certain of our respective employees and/or independent contractors that provide certain operational, sales, marketing, general and administrative services to the other entity. Interlink and Qualstar also agree to reimburse, or be reimbursed by, one another for expenses paid by one company on behalf of the other. Transactions with Qualstar and its subsidiaries are as follows:

	Year ended December 31,				Year ended December 31,			
	2022		2021		2023		2022	
	Due from Qualstar	Due to Qualstar	Due from Qualstar	Due to Qualstar	Due from Qualstar	Due to Qualstar	Due from Qualstar	Due to Qualstar
	(in thousands)				(in thousands)			
Balance at January 1,	$ 84	$ 8	$ 52	$ 34	$ 5	$ —	$ 84	$ 8
Billed (or accrued) to Qualstar by Interlink	798	—	892	—	760	—	798	—
Paid by Qualstar to Interlink	(877)	—	(860)	—	(763)	—	(877)	—
Billed (or accrued) to Interlink by Qualstar	—	96	—	102	—	132	—	96
Paid by Interlink to Qualstar	—	(104)	—	(128)	—	(100)	—	(104)
Balance at December 31,	$ 5	$ —	$ 84	$ 8	$ 2	$ 32	$ 5	$ —

BKF Capital Group, Inc. (OTCMKTS:BKFG)

BKF Capital Group, Inc. (OTCMKTS:BKFG) (“BKF Capital”) is a related party. Steven N. Bronson, our Chairman of the Board, President and Chief Executive Officer, is also the Chief Executive Officer and Chairman of BKF Capital. Ryan J. Hoffman, our Chief Financial Officer, is also the Chief Financial Officer of BKF Capital. Mr. Bronson, together with BKF Capital, has a controlling interest in Interlink. We have a facilities agreement with BKF Capital to allow BKF Capital to use a portion of our Irvine, California office facility, for which we have agreed to split substantially all rent and lease-related costs on an apportioned basis according to the

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approximate relative usage levels by each entity. In addition, we have consulting agreements with BKF Capital for certain of our respective employees and/or independent contractors that provide certain operational and general and administrative services to the other entity. We entered into a M&A advisory consulting services agreement with Bronson Financial LLC (“BF”), a wholly owned subsidiary of BKF Capital, in pursuant to which BF provides M&A advisory consulting services to us. Interlink and BKF Capital also agree to reimburse, or be reimbursed by, one another for expenses paid by one company on behalf of the other. Transactions with BKF Capital and its subsidiaries are as follows:

	Year ended December 31,				Year ended December 31,			
	2022		2021		2023		2022	
	Due from BKF Capital	Due to BKF Capital	Due from BKF Capital	Due to BKF Capital	Due from BKF Capital	Due to BKF Capital	Due from BKF Capital	Due to BKF Capital
	(in thousands)				(in thousands)			
Balance at January 1,	$ 12	$ —	$ —	$ —	$ 2	$ —	$ 12	$ —
Billed (or accrued) to BKF Capital by Interlink	104	—	81	—	43	—	104	—
Paid by BKF Capital to Interlink	(114)	—	(69)	—	(43)	—	(114)	—
Billed (or accrued) to Interlink by BKF Capital	—	147	—	60	—	193	—	147
Paid by Interlink to BKF Capital	—	(147)	—	(60)	—	(193)	—	(147)
Balance at December 31,	$ 2	$ —	$ 12	$ —	$ 2	$ —	$ 2	$ —

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Note 13 12 – Commitments and Contingencies

Lease Agreements

We lease facilities under non-cancellable operating leases. The leases expire at various dates through fiscal 2024 and frequently include renewal provisions for varying periods of time, provisions which require us to pay taxes, insurance and maintenance costs, and provisions for minimum rent increases. Minimum leases payments, including scheduled rent increases are recognized as rent expenses on a straight-line basis over the term of the lease.

The rate implicit in each lease is not readily determinable, and we therefore use our incremental borrowing rate to determine the present value of the lease payments. The weighted average incremental borrowing rate used to determine the initial value of right-of-use ("ROU") assets and lease liabilities capitalized during the years ended December 31, 2022 December 31, 2023 and 2021 2022 was 7.00% 5.50% and 5.50% 7.00%, respectively.

ROU assets for operating leases are periodically reduced by impairment losses. We use the long-lived assets impairment guidance in ASC Subtopic 360-10, *Property, Plant and Equipment – Overall*, to determine whether a ROU asset is impaired, and if so, the amount of the impairment loss to recognize. As of December 31, 2022 December 31, 2023, we have not recognized any impairment losses for our ROU assets.

We monitor for events or changes in circumstances that require a reassessment of our leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in profit or loss.

In June 2020, 2023, we entered into a sublease lease agreement to lease 4,351 1,560 square feet of office space located in Irvine, California for approximately $6 thousand $4,000 per month with 3 percent annual increases, plus common area maintenance costs. The lease for a term ends May 31, 2023. The space commencing June 2023 and ending May 2024. Our Irvine, California office is used for executive offices, sales, finance and administration. We previously occupied a different 4,351 square-foot office space in Irvine, California from June 2020 to May 2023 under a sublease agreement for approximately $6,000 per month, plus common area maintenance costs.

We lease a 14,476 square-foot manufacturing facility and administrative office in Shenzhen, China. In May 2022, we renewed this lease for the period June 1, 2022 through May 31, 2024 for approximately $8 thousand $8,000 per month.

We lease a 10,635 square-foot manufacturing facility and administrative offices in Newark, California. In February 2023, we renewed this lease for the period March 1, 2023 through February 28, 2024 for approximately $18 thousand $18,000 per month. In February 2024, we extended this lease for the period March 1, 2024 to February 28, 2025 for approximately $19,000 per month.

We lease a 9,800 square-foot manufacturing facility and administrative offices in Irvine, Scotland for approximately $5,000 per month (with a 50% discount through October 2023). This lease term ends February 2028, with an option for us to terminate the lease in February 2025.

We lease a 275 square-foot engineering and administrative office in Singapore for approximately $1,000 per month. This lease term ends May 2024.

We lease a 3,000 square-foot distribution facility in Hong Kong for approximately $2,000 per month. This lease term ends April 2025.

We lease a 500 square-foot sales office in Tokyo, Japan for approximately $1,000 per month. This lease term ends November 2024.

As of December 31, 2023, the Company had current and long-term lease liabilities of $126,000 and $33,000, respectively, and ROU assets of $143,000. As of December 31, 2022, the Company had current and long-term lease liabilities of $131,000 and $46,000, respectively, and ROU assets of $172,000. Future imputed interest as of December 31, 2023 totaled $7,000. The weighted average remaining lease term of the Company's leases as of December 31, 2023 is 0.7 years.

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We lease a 275 square-foot engineering and administrative office in Singapore for approximately $1 thousand per month. This lease term ends May 2023.

We lease a 3,000 square-foot distribution facility in Hong Kong for approximately $2 thousand per month. This lease term ends April 2023.

We lease a 500 square-foot sales office in Tokyo, Japan for approximately $1 thousand per month. This lease term ends November 2024.

We sublease approximately 205 square-feet of office space in Los Angeles, California for approximately $1 thousand per month. This lease term ends March 2023.

As of December 31, 2022, the Company had current and long-term lease liabilities of $131 thousand and $46 thousand, respectively, and ROU assets of $172 thousand. As of December 31, 2021, the Company had current and long-term lease liabilities of $138 thousand and $37 thousand, respectively, and ROU assets of $163 thousand. Future imputed interest as of December 31, 2022 totaled $8 thousand. The weighted average remaining lease term of the Company's leases as of December 31, 2022 is 0.9 years.

Future minimum lease payments under non-cancellable operating leases that have remaining non-cancellable lease terms in excess of one year are as follows:

Years ending December 31,	**(in thousands)**	**(in thousands)**
2023	$ 138	
2024	47	$ 133
2025	—	33
2026	—	—
2027	—	—
2028		—
Thereafter	—	—
Total undiscounted future non-cancelable minimum lease payments	185	166
Less: imputed interest	(8)	(7)
Present value of lease liabilities	$ 177	$ 159

During the year ended December 31, 2022December 31, 2023, we recognizedincurred approximately $255 thousand$501,000 in operating lease costs, including approximately $126 thousand$211,000 in cost of revenue and approximately $129 thousand$290,000 in operating expenses. During the year ended December 31, 2021December 31, 2022, we recognizedincurred approximately $294 thousand$255,000 in operating lease costs, including approximately $122 thousand$126,000 in cost of revenue and approximately $172 thousand$129,000 in operating expenses.

Litigation

We are not party to any material legal proceedings at December 31, 2022December 31, 2023. We are occasionally involved in legal proceedings in the ordinary course of business, including actions against us which assert or may assert claims or seek to impose fines and penalties in substantial amounts. Related legal defense costs are expensed as incurred.

Warranties

We establish reserves for future product warranty costs that are expected to be incurred pursuant to specific warranty provisions with our customers. We generally warrant our products against defects for one year from date of shipment, with certain exceptions in which the warranty period can extend to more than one year based on contractual agreements. Our warranty reserves are established at the time of sale and are updated throughout the warranty period based upon numerous factors including historical warranty return rates and claim costs over various warranty periods. Historically, our warranty returns have not been material.

Intellectual Property Indemnities

We indemnify certain customers and our contract manufacturers against liability arising from third-party claims of intellectual property rights infringement related to our products. These indemnities appear in development and supply agreements with our

customers as well as manufacturing service agreements with our contract manufacturers, are not limited in amount or duration and generally survive the expiration of the contract. Given that the amount of any potential liabilities related to such indemnities cannot be determined until an infringement claim has been made, we are unable to determine the maximum amount of losses that we could incur related to such indemnifications.

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Director and Officer Indemnities and Contractual Guarantees

Pursuant to our bylaws, we will indemnify our directors and executive officers to the fullest extent permitted by Nevada law, without limitation as to amount or duration, in the event of any actual or threatened lawsuit or proceeding. Certain costs incurred in connection with such indemnifications may be recovered under certain circumstances under various insurance policies. Given that the amount of any potential liabilities related to such indemnities cannot be determined until a lawsuit or proceeding has been threatened or filed, we are unable to determine the maximum amount of losses that we could incur relating to such indemnities.

We have also entered into an employment agreement with Steven N. Bronson, our Chairman of the Board, President and Chief Executive Officer. This agreement contains certain severance and change in control obligations. Under the agreement, if Mr. Bronson's employment is terminated due to his death or disability (as such terms are defined in the agreement), Mr. Bronson or his beneficiaries will be entitled to receive: (i) his base compensation to the end of the monthly pay period immediately following the date of termination; (ii) accrued bonus payments; and (iii) immediate and full vesting of all unvested equity and/or options issued by the Company. If Mr. Bronson's employment is terminated by him for good reason (as such term is defined in the agreement), or by us without cause, then Mr. Bronson will be entitled to receive: (i) his base compensation to the date of termination; (ii) a severance payment equal to twelve months of his base compensation; (iii) any earned bonus compensation; (iv) employee benefits for twelve months following the date of termination; (v) any vested company match 401(k) or other retirement contribution; and (vi) immediate and full vesting of all unvested equity and/or options issued by the Company.

In the event of a change in control of the Company (as such term is defined in the agreement), Mr. Bronson is entitled to receive: (i) a change in control payment in an amount equal to twelve months of his base compensation, payable as of the date the change in control occurs; and (ii) immediate and full vesting of all unvested equity and/or options issued by the Company.

Guarantees and Indemnities

In the normal course of business, we are occasionally required to undertake indemnification for which we may be required to make future payments under specific circumstances. We review our exposure under such obligations no less than annually, or more frequently as required. The amount of any potential liabilities related to such obligations cannot be accurately determined until a formal claim is filed. Historically, any such amounts that become payable have not had a material negative effect our business, financial condition or results of operations. We maintain general and product liability insurance which may provide a source of recovery to us in the event of an indemnification claim.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The phrase "disclosure controls and procedures" refers to controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended, or the Exchange Act, such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including our chief executive officer, or CEO, and chief financial officer, or CFO, as appropriate to allow timely decision regarding required disclosure.

Our management, with the participation of our CEO and CFO, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a- 15(e) 13a-15(e) and 15d- 15(e) 15d-15(e) under the Exchange Act), as of December 31, 2022 December 31, 2023, the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our CEO and CFO have concluded that as of December 31, 2022 December 31, 2023, our disclosure controls and procedures were designed at a reasonable assurance level and were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal controls over financial reporting based on the framework in *Internal Control – Integrated Framework (2013 Framework)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2022 December 31, 2023.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding our internal control over financial reporting due to an exemption established for smaller reporting companies.

Changes in Internal Controls over Financial Reporting

There was no change in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended December 31, 2022 December 31, 2023 that materially affected, or is reasonable likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

The Company's internal control over financial reporting includes policies and procedures that (1) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Our management, including our CEO and CFO, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only

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reasonable, not absolute, assurance that the control system's objectives will be met. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. In addition, the design of any system of controls is based in part on certain assumptions about the likelihood of future events, and controls may become inadequate if conditions change. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

ITEM 9B. OTHER INFORMATION

None.**Insider Trading Arrangements**

During the three months ended December 31, 2023, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

ITEM 9C. DICLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Executive Officers and Directors

Our business affairs are managed under the direction of our board of directors, which is currently composed consists of four members. Each director's term will continue until the election and qualification of his or her successor, or his or her earlier death, resignation, or removal. Our executive officers are appointed by our board of directors and serve until their successors have been duly elected and qualified. There are no family relationships among any of our directors or executive officers.

The following table provides information regarding our directors and executive officers as of December 31, 2022 December 31, 2023:

Name	Age	Company Position
Steven N. Bronson	57 58	Chairman of the Board, President, and Chief Executive Officer
Ryan J. Hoffman	44 45	Chief Financial Officer and Secretary
Gene Chen, PhD	51 52	Vice President of Engineering & Advanced Materials
Joy C. Hou	47 48	Director
David J. Wolenski	61 62	Director
Maria N. Fregosi	57 58	Director

Executive Officers

Steven N. Bronson. Mr. Bronson has over 35 years of business and entrepreneurial experience. His successful background in investment banking, operations, and management has led him to acquire meaningful stakes in several promising technology companies and assuming CEO roles. Mr. Bronson became the Chairman and CEO of Interlink Electronics in 2010. Less than a year later, in 2011, he also took on the role of President, bringing both his operational and financial expertise to the company. Since successfully returning Interlink's business to profitability, Mr. Bronson has focused on strategic matters, mission-critical decisions, and the identification of potential acquisitions and business partnership opportunities.

In July 2013, Mr. Bronson assumed the positions of President and CEO and became a director of Qualstar Corporation (OTCMKTS: QBAK)—a high-quality tape library manufacturer—and its subsidiary N2Power, a manufacturer of high efficiency power supplies for diverse electronics industries. He immediately initiated a turnaround strategy, implementing cost-cutting measures and aggressive sales efforts. Since 2008, Mr. Bronson has held the position of Chairman of the Board, President, and CEO of BKF Capital Group, Inc. (OTCMKTS: BKFG) a publicly traded company operating through its wholly-owned wholly owned subsidiaries, BKF Asset Holdings, Inc., which invests in publicly and privately owned businesses, and Bronson Financial LLC, a FINRA member investment banking firm (providing M&A advisory and capital raising services to lower and middle-market companies). In addition, Mr. Bronson served on the

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board of Mikron Infrared Instruments, Inc. from September 1996 to July 2000. During a restructuring period spanning August in 1998 to May and 1999, he was appointed Mikron's Chairman and CEO. Mr. Bronson led the effort of recruiting a top-notch management team, eventually increasing the company's revenue by 500 percent; it was sold in April 2007. Mr. Bronson is also the Chairman of the Board, President, and Chief

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Executive Officer of Ridgefield Acquisition Corp. (OTCMKTS: RDGA) since 1996. Ridgefield Acquisition Corp. is a public shell that is seeking a merger, acquisition, or business combination with a viable operating entity.

Mr. Bronson currently holds the Series 4, 7, 24, 27, 53, 55, and 79 securities licenses.

Ryan J. Hoffman. Mr. Hoffman has served as our Chief Financial Officer since November 2020, joining Interlink with more than two decades of auditing and professional services experience accrued at two top global public accounting firms. He previously spent 16 years at the accounting firm RSM US LLP and was a partner there for his last five years. At RSM, he successfully led audits of global companies in industries that include technology, consumer products, and manufacturing, and cultivated a specialization in software and multiple-element revenue recognition accounting and auditing. Prior to that, he worked for the Big Four accounting firm Ernst & Young. Mr. Hoffman graduated with a degree in accounting from Chapman University and is a licensed CPA. CPA (inactive). He is also the Chief Financial Officer of Qualstar Corporation (OTCMKTS: QBAK) and BKF Capital Group, Inc. (OTCMKTS: BKFG). and served as the Chief Financial Officer of Qualstar Corporation through August 2023.

Gene Chen, PhD. Dr. Chen joined Interlink in May 2021 as our Vice President of Engineering & Advanced Materials. Dr. Chen has more than two decades of experience in advanced materials and electronic devices and has taken leadership roles in a wide variety of technical fields, including force sensing force-sensing and human machine interface (HMI) HMI technology. Prior to joining Interlink, from 2016 to 2021 he was CTO at force sensor force-sensor company New Degree Technology, where he led its R&D and product development teams. Prior to that, he is the founding member of Pixelligent Technologies, LLC and served as VP of Engineering from 2009 to 2016. His diverse, interdisciplinary background has also included roles managing projects working on nanomaterials and advanced materials for applications ranging from LEDs and OLEDs to semiconductors to dielectric coatings for spaceships. Dr. Chen has also served on numerous grant review panels for the National Science Foundation and Department of Energy. Dr. Chen earned a doctorate of philosophy PhD in electrical engineering – focusing on electro-physics and microelectronics – from the University of Maryland, College Park. An active member of the scientific community, he holds 14 patents, has published 17 scientific papers, and has sat on multiple peer review panels. Dr. Chen leads Interlink's R&D and materials science laboratory in Camarillo, California, and directs Interlink's global engineering team.

Non-Employee Directors

Maria N. Fregosi. Ms. Fregosi joined our board of directors in February 2021. Ms. Fregosi presently serves as Executive Vice President – Operations at Lennar Mortgage, a division of Lennar Corporation (NYSE:LEN and LEN.B), with a focus on the finance and secondary market divisions. She previously served as Chief Investment Officer and founding member of Home Point Capital Inc. Homepoint (NASDAQ:HMPT) from 2020 to 2022, , a leading national residential mortgage originator and servicer, where she was responsible for managing and monitoring the company's balance sheet, servicing asset, correspondent division and investments. Prior to her tenure at Homepoint, Ms. Fregosi is held a founding member number of Home Point Capital, and previously served as its Chief Financial Officer from 2018 to 2020 as well as its Chief Strategy Officer and Chief Capital Markets Officer from 2015 to 2018. Ms. Fregosi has served as finance positions at a member variety of the Board of Home Point Mortgage Acceptance Corp. since 2020. Prior to joining Home Point Capital, Ms. Fregosi served as Chief Capital Markets Officer for Hamilton Group Funding, a retail mortgage loan originator. In addition, Ms. Fregosi previously served as the Chief Operating Officer and Chief Compliance Officer of firms, including Catalyst Financial, a full-service value-based investment banking firm, and simultaneously the Chief Operating Officer for BKF Capital Group Inc., a publicly traded investment company. Ms. Fregosi also served as Chief Operating Officer and Chief Financial Officer of Client First Settlement Funding, a boutique specialty finance company, and as an Executive Vice President at ABN AMRO Bank. Ms. Fregosi holds a Master of Business Administration She earned an MBA in Finance finance from the University of Rochester's Simon School and is a Summa Cum Laude graduate graduated summa cum laude with a Bachelor of Arts BA in Economics from SUNY Buffalo State College.

Ms. Fregosi was selected to serve on our board of directors because of her extensive business experience in working with publicly held companies in the investment banking and financial services industries.

Joy C. Hou. Ms. Hou joined our board of directors in June 2020. Ms. Hou presently is serves as the CEO COO and Co-Founder Head of MREN, Inc., Hospitality at Inhabitr, an enterprise technology AI powered furnishing platform serving the for commercial real estate industry since 2013. Ms. Hou has over 30 years of business and entrepreneurial experience in finance, technology, and management. estate. Prior to MREN, joining Inhabitr, Ms. Hou was the Head of Product Development for Real Assets in Americas at Apex Group, one of the largest solution providers for financial institutions globally, with $3 trillion of assets under administration. In addition, she is the cofounder and CEO and Co- Founder of RAISC, Inc., MREN, a tech-enabled bank distressed asset platform that centralized data for over $3B of cloud-based commercial real estate assets and supported the disposition of over $1.5B of assets. In addition, market network. Ms. Hou spent over 10 years on Wall Street (DLJ, Lehman, Barclays), where she held various debt closed $10 billion in RE transactions. She has also spent time in leadership positions in the information technology and equity investment positions at Donaldson, Lufkin & Jenrette, Lehman Brothers service industries. She brings valuable experience to the board and served a wealth of business development skills, including investor relations, management, structured finance, dispositions, and joint ventures. She is a proud graduate of Cornell University and continues to give back to her alma mater as the Head a volunteer board director of Hospitality Practice at Barclays Capital. Ms. Hou is currently on the Board of Cornell Asian Alumni Association as the Vice President of University Relations and had previously served on the Board of Country Montessori School. Ms. Hou holds a Bachelor of Science degree from Cornell University's School of Hotel Administration with Distinction. Association.

Ms. Hou was selected to serve on our board of directors because of her extensive business experience in working with technology companies, as both a Wall Street banker and entrepreneur.

David J. Wolenski. Mr. Wolenski joined our board of directors in June 2020. He currently David J. Wolenski serves as President and on the Board of Directors of Electro-Mechanical Products, Inc., a privately held company engaged in the manufacture of precision-machined components and thermal management systems for the semiconductor, laser, and medical device industries. From 1996 to 2000, Mr. Wolenski was Chief Executive Officer he served as CEO of OZO Automation, Inc. (OTCBB: OZOA), a publicly-traded public company that designed and produced robotic workstations for used in the electronics industry. As Chief Executive Officer, he also managed the sale manufacture of OZO's assets to JOT Automation of Olunsalo, Finland, cell phones and served as President of their Depaneling subsidiary from 2000 to 2001. From 1983 to 1996, related electronic subsystems. Mr. Wolenski held various positions with Johns Manville Corporation, a worldwide leader in fiberglass insulations and engineered products, which included managerial assignments in manufacturing, business development, and quality assurance. Mr. Wolenski currently also serves on as Chairman of the board of directors Board of Qualstar Corporation (OTCMKTS: QBAK), a position he has held since 2013. His past board affiliations have included OZO Automation, Inc., where he was a director from 1996 to 1999, and Bio-Medical Automation, Inc., where he was a director from 1999 to 2000. Corporation. Mr. Wolenski holds a BS degree in Mechanical Engineering from the University of Colorado at Boulder (1983), and an MBA from the University of Colorado at Denver (1990). Denver.

Mr. Wolenski was selected to serve on our board of directors because of his senior executive management experience at privately-held privately held and publicly-held publicly held manufacturing companies and his prior experience as a director of other companies.

Code of Ethics

Interlink has adopted a written Code of Business Conduct and Ethics, which complies with the requirements for a code of ethics pursuant to Item 406(b) of Regulation S-K under the Exchange Act, which applies to our chief executive officer, chief financial officer and persons performing similar functions. A copy of the Code of Business Conduct and Ethics is posted on the "Investors" section of our website at www.interlinkelectronics.com. We will post amendments to our Code of Business Conduct and Ethics or waivers of our Code of Business Conduct and Ethics for directors and executive officers on the same website. A copy of the Code of Business Conduct and Ethics will be provided, without charge, to any shareholder who sends a written request to our Chief Financial Officer at Interlink Electronics, Inc., 1 Jenner, 15707 Rockfield Boulevard, Suite 200, 105, Irvine, CA 92618.

Stockholder Recommendations and Nominations of Candidates for Election to the Board of Directors

Our board of directors has established a nominating and governance committee, which is responsible for, among other things: evaluating and making recommendations regarding the composition, organization and governance of our board of directors and its committees; identifying, recruiting and nominating director candidates to the board if and when necessary; evaluating and making recommendations regarding the creation of additional committees or the change in mandate or dissolution of committees; reviewing and making recommendations with regard to our corporate governance guidelines and compliance with laws and regulations; and reviewing and approving conflicts of interest of our directors and corporate officers, other than related person transactions reviewed by the audit committee.

The nominating and governance committee employs a variety of methods for identifying and evaluating director nominees. In its evaluation of director candidates, the nominating and governance committee will consider the current size and composition of the board of directors and the needs of the board of directors and the respective committees of the board of directors. Some of the qualifications that the committee considers include, without limitation, issues of character, integrity, judgment, diversity of experience, independence, area of expertise, corporate experience, length of service, potential conflicts of interest and other commitments. The nominating and governance committee requires the following minimum qualifications to be satisfied by any nominee for a position on our board of directors: (i) the highest personal and professional ethics and integrity, (ii) proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, (iii) skills and expertise that are complementary to those of the existing members of our board of directors, (iv) the ability to assist and support management and make significant contributions to the company's success, and (v) an understanding of the fiduciary responsibilities that are required of a member of our board of directors, and the commitment of time and energy necessary to diligently carry out those responsibilities. Other than the foregoing, there are no stated minimum criteria for director nominees, although the nominating and governance committee may also consider other factors that it may deem, from time to time, in our and our stockholders' best interests. The nominating and governance committee may also take measures that it considers appropriate in connection with its evaluation of a director candidate, including candidate interviews, inquiry of the person or persons making the recommendation or nomination,

engagement of an outside search firm to gather additional information, or reliance on the knowledge of the members of the nominating and governance committee, the board of directors, or management.

Although the board of directors does not maintain a specific policy with respect to board diversity, the board of directors believes that the board should be a diverse body, and the nominating and governance committee considers a broad range of backgrounds and experiences. In making determinations regarding nominations of directors, the nominating and governance committee may take into account the benefits of diverse viewpoints. After completing its review and evaluation of director candidates, the nominating and governance committee recommends to the full board of directors the director nominees for election. The nominating and governance committee also considers these and other factors as it oversees the annual board of director and committee evaluations.

The nominating and governance committee will consider candidates for nomination to the board of directors recommended by any stockholder holding at least one percent (1%) of the fully diluted capitalization of Interlink for at least twelve months prior to the date that the recommendation is submitted. The committee will evaluate recommendations in accordance with its charter, our bylaws, our policies and procedures for director candidates, as well as the nominee criteria described above. This process is designed to ensure that the board of directors includes members with diverse backgrounds, skills and experience, including appropriate financial and other expertise relevant to our business. A stockholder wishing to recommend a candidate for nomination should contact our Secretary in writing, at the address indicated in the next paragraph. The recommendation must include the candidate's name, home and business contact information, detailed biographical data, relevant qualifications, a signed letter from the candidate confirming willingness to serve on our board of directors, information regarding any relationships between the candidate and Interlink and evidence of the recommending stockholder's ownership of our common stock. The recommendation must also include a statement from the recommending stockholder in support of the candidate, particularly within the context of the criteria for board of directors membership. Our nominating and governance committee has sole discretion to decide which individuals to recommend for nomination as directors.

A stockholder of record can nominate a candidate directly for election to the board by complying with the rules and regulations of the Securities and Exchange Commission. An eligible stockholder who wishes to submit a nomination should review the statutory requirements for nominations by stockholders. Any nomination should be sent in writing to the company, addressed to the attention of the Secretary at Interlink Electronics, Inc., 1 Jenner, 15707 Rockfield Boulevard, Suite 200, 105, Irvine, California 92618. The notice must comply with applicable federal and state law.

Audit Committee

Our board of directors has established an audit committee, which is responsible for, among other things: appointing, overseeing, and if need be, terminating any independent auditor; assessing the qualification, performance and independence of our independent auditor; reviewing the audit plan and pre-approving all audit and non-audit services to be performed by our independent auditor; reviewing our financial statements and related disclosures; reviewing the adequacy and effectiveness of our accounting and financial reporting processes, systems of internal control and disclosure controls and procedures; reviewing our overall risk management framework; overseeing procedures for the treatment of complaints on accounting, internal accounting controls, or audit matters; reviewing and discussing with management and the independent auditor the results of our annual audit, reviews of our quarterly financial statements and our publicly filed reports; reviewing and approving related person transactions; and preparing the audit committee report that the SEC requires in our annual proxy statement.

Ms. Fregosi, Mr. Wolenski and Ms. Hou, each of whom is a non-employee member of our board of directors, serve on our audit committee. Our board of directors has determined that each of the members of the audit committee satisfies the requirements for independence and financial literacy under the rules and regulations of the SEC as well as those applicable to companies listed on The Nasdaq Stock Market. Our board of directors also has determined that Ms. Fregosi qualifies as an "audit committee financial expert," as defined in the SEC rules, and satisfies the financial sophistication requirements of Nasdaq.

ITEM 11. EXECUTIVE COMPENSATION

Processes and Procedures for Compensation Decisions

The compensation committee of our board of directors is responsible for the executive compensation programs for our executive officers and reports to the board on its discussions, decisions and other actions. Typically, our chief executive officer makes recommendations to our compensation committee, often attends committee meetings and is involved in the determination of

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compensation for the executive officers that report to him, except that he does not make recommendations as to his own compensation. Our chief executive officer makes recommendations to our compensation committee regarding short-term and long-term compensation for all executive officers, excluding himself, based on our results, an individual executive officer's contribution toward these results and performance toward individual goal achievement. Our compensation committee then reviews the recommendations and other data and makes decisions as to total compensation for each executive officer other than the chief executive officer, as well as each individual compensation component. The compensation committee makes recommendations to the board regarding compensation for the chief executive officer. The independent members of the board make the final decisions regarding executive compensation for our chief executive officer.

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The compensation committee is authorized to retain the services of one or more executive compensation advisors, as it sees fit, in connection with the establishment of our compensation programs and related policies. The compensation committee has not retained the services of a compensation consultant since 2016.

Summary Compensation Table

The following table provides information regarding the compensation of our named executive officers during 2022 2023 and 2021. 2022. As a "smaller reporting company," as such term is defined in the rules promulgated under the Exchange Act, we are required to provide compensation disclosure for our principal executive officer and the two most highly compensated executive officers other than our principal executive officer. Throughout this proxy statement, these three officers are referred to as our "named executive officers."

Name and Principal Position	Year	Salary ($)	Bonus(1) ($)	All Other Compensation(2) ($)	Total ($)	Year	Salary ($)	Bonus(1) ($)	All Other Compensation(2) ($)	Total ($)
Steven N. Bronson	2022	300,000	50,000	1,677	351,677	2023	300,000	—	1,677	301,677
Chief Executive Officer, President, and Chairman of the Board	2021	300,000	100,000	1,677	401,677	2022	300,000	50,000	1,677	351,677
Ryan J. Hoffman(3)	2022	95,128	20,000	2,684	117,813	2023	112,417	—	3,142	115,559
Chief Financial Officer	2021	94,379	50,000	697	145,076	2022	95,128	20,000	2,684	117,813
Gene Chen, PhD(4)	2022	165,169	—	—	165,169	2023	165,000	—	—	165,000

Vice President of Engineering & Advanced Materials	2021	103,713	10,000	250	113,963	2022	165,169	—	—	165,169

(1) Consists of discretionary cash bonuses awarded by our compensation committee.

(2) Consists of the taxable cost of group term life insurance coverage, 401(k) employer matching contributions, and other miscellaneous compensation.

(3) Mr. Hoffman also serves as Chief Financial Officer for Qualstar Corporation and BKF Capital Group, Inc. , and served as the Chief Financial Officer for Qualstar Corporation through August 2023. Accordingly, a portion his compensation is charged to Qualstar Corporation and BKF Capital Group, Inc. and Qualstar Corporation based on the approximate amount of time Mr. Hoffman devotes to Interlink, Qualstar Corporation, and BKF Capital Group, Inc. , and Qualstar Corporation. The amounts presented in this table represent the net portion of his compensation charged to and incurred by Interlink.

(4) Dr. Chen joined Interlink in May 2021.

Outstanding Equity Awards at Fiscal Year End

None None.

Executive Officer Employment Letters

We have entered into employment agreements with each of the named executive officers. With the exception of his own arrangement, each of these employment agreements was negotiated on our behalf by our Chief Executive Officer with the oversight and approval of the compensation committee of the board.

Steven N. Bronson

We entered into an employment agreement with Steven N. Bronson, our Chairman, President and Chief Executive Officer, on July 7, 2016. in 2016. The employment agreement was for an original term of one year and automatically renews for additional one-year periods unless either party elects not to renew or it is otherwise terminated, in either case pursuant to its terms.

Pursuant to his employment agreement, Mr. Bronson receives an annual base salary, currently $300,000, and is entitled to earn and receive bonus compensation based upon the achievement of performance goals, as determined by our compensation committee, in accordance with a bonus plan adopted by us for the applicable year. Mr. Bronson also is entitled to participate in our benefit plans, including health insurance, life insurance, disability insurance, and retirement plans.

If Mr. Bronson's employment terminates due to his death or disability, Mr. Bronson or his beneficiaries will be entitled to receive his base compensation to the end of the monthly pay period immediately following the date of termination and any accrued bonus payments, and all of Mr. Bronson's unvested and outstanding equity awards shall immediately vest and become exercisable.

If Mr. Bronson's employment is terminated by him for "good reason", or by us without "cause", Mr. Bronson will be entitled to receive his base compensation to the date of termination, severance pay equal to twelve months of his base compensation, any earned bonus compensation, employee benefits for twelve months following the date of termination, and any vested company match 401(k) or other retirement contribution, and all of Mr. Bronson's unvested and outstanding equity awards shall immediately vest and become exercisable.

Mr. Bronson's employment agreement also provides that upon a "change of control" of Interlink, Mr. Bronson is entitled to receive an amount in cash equal to twelve months of his base salary then in effect, and all of Mr. Bronson's unvested and outstanding equity awards shall immediately vest and become exercisable.

Ryan J. Hoffman

We entered into an employment arrangement with Ryan J. Hoffman, our Chief Financial Officer, in November 2020. The employment arrangement provides for an annual base salary, which currently is $245,000 (including compensation received from BKF Capital Group, Inc.), and a discretionary annual bonus. Because Mr. Hoffman also serves as Chief Financial Officer for Qualstar Corporation and BKF Capital Group, Inc. (and also previously served as Chief Financial Officer for Qualstar Corporation), a portion of his compensation is charged to Qualstar Corporation and BKF Capital Group, Inc. and Qualstar Corporation based on the approximate amount of time Mr. Hoffman devotes to Interlink, Qualstar Corporation, and BKF Capital Group, Inc., and Qualstar Corporation. Mr. Hoffman's employment arrangement provides for "at will" employment and may be terminated at any time by either party. Mr. Hoffman is not entitled to any termination or "change of control" payments or benefits under his employment agreement.

Gene Chen, PhD

We entered into an employment arrangement with Dr. Chen, our Vice President of Engineering & Advanced Materials, in May 2021. The employment arrangement provides for an annual base salary, which currently is $165,000 and a discretionary annual bonus. Dr. Chen's employment arrangement provides for "at will" employment and may be terminated at any time by either party. Dr. Chen is not entitled to any termination or "change of control" payments or benefits under his employment agreement.

Adoption of Compensation Recovery Policy

The Nasdaq Stock Market LLC ("Nasdaq") recently adopted new listing rules related to the recovery of erroneously awarded compensation, commonly referred to as a "clawback" policy. Pursuant to Nasdaq Rule 5635, companies listed on Nasdaq are required to adopt and disclose a policy for the recovery of incentive-based compensation in the event of a financial restatement due to material noncompliance with financial reporting requirements.

In compliance with Nasdaq rules, our Board of Directors has approved and adopted a compensation clawback policy (the "Compensation Recovery Policy"). The policy is designed to enable us to recover incentive-based compensation, including bonuses, stock awards, and other incentive-based payments, from current and former executive officers in the event of a financial restatement resulting from material noncompliance with financial reporting requirements, as determined by the Board. A copy of the policy is included as Exhibit 97.1 to this Form 10-K.

The policy includes provisions specifying the circumstances under which recovery may be triggered, the types of compensation subject to recovery, the procedures for determining the amount to be recovered, and the mechanisms for implementing the recovery process. The policy is intended to align with Nasdaq's requirements while also ensuring fairness and consistency in our compensation practices.

We believe that the adoption of the Compensation Recovery Policy enhances transparency and accountability in our executive compensation practices and demonstrates our commitment to upholding strong corporate governance standards. The policy reflects our commitment to maintaining integrity in our financial reporting and ensuring that executive compensation is tied to the achievement of long-term, sustainable performance goals.

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Pension Benefits and Nonqualified Deferred Compensation

We do not provide a pension plan for our employees, and none of our named executive officers participated in a nonqualified deferred compensation plan in 2022. 2023.

401(k) Plan

We maintain a tax-qualified retirement plan, or the 401(k) plan, that provides eligible employees with an opportunity to save for retirement on a tax-advantaged basis. Eligible employees are able to participate in the 401(k) plan as of the first day of the month following the date they meet the 401(k) plan's eligibility requirements, and participants are able to defer up to 60% of their eligible compensation subject to applicable annual Code limits. All participants' interests in their deferrals are 100% vested when contributed. The 401(k) plan permits us to make matching contributions and profit-sharing contributions to eligible participants. The match is limited to 50% of base salary up to $5,000.

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Non-Employee Director Compensation

Director Compensation Table

The following table details the total compensation earned by our non-employee directors in fiscal year 2022: 2023:

Director	Fees Earned or Paid in Cash ($)	Stock Awards(1)(2) ($)	Total ($)
Joy C. Hou	10,000	5,000	15,000
David J. Wolenski	10,000	5,000	15,000
Maria N. Fregosi	10,000	5,000	15,000

(1) Represents awards of our common stock. These amounts represent the grant date fair value of the stock awards granted in fiscal year 2022 2023 determined in accordance with ASC Topic 718. These amounts may not correspond to the actual value eventually realized by the director, which depends in part on the market value of our common stock in future periods. Assumptions used in calculating these amounts are set forth in the Notes to Consolidated Financial Statements included elsewhere in this Form 10-K.

(2) On July 15, 2022 July 15, 2023, each of Ms. Hou, Mr. Wolenski and Ms. Fregosi received 600 696 shares of our common stock as partial payment of their annual compensation for service on our board of directors.

No director held stock options or restricted stock awards as of December 31, 2022 December 31, 2023.

Outside Director Compensation Policy

Our board of directors has adopted a policy for the compensation for our non-employee directors, or the Outside Directors. Outside Directors will receive compensation in the form of equity and cash, as described below:

- *Initial Equity Award.* Each person who first becomes an Outside Director will be granted common stock with a grant date fair value equal to $5,000. These awards will be granted on the date of the first meeting of our board of directors or compensation committee occurring on or after the date on which the individual first became an Outside Director.
- *Annual Equity Award*. Annually, on July 15, each Outside Director who has served on our board of directors for at least the preceding six months will be granted common stock with a grant date fair value equal to $5,000.
- *Cash Compensation*. Each Outside Director receives an annual retainer of $10,000 in cash for serving on our board of directors, or the Annual Fee. The Annual Fee is paid in quarterly installments to each Outside Director who has served in the relevant capacity for the immediately preceding fiscal quarter no later than 30 days following the end of such preceding fiscal quarter. An Outside Director who has served in the relevant capacity for only a portion of the immediately preceding fiscal quarter will receive a prorated payment of the quarterly payment of the Annual Fee.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of December 31, 2022 December 31, 2023, for:

- each of our named executive officers;

- each of our directors;
- all of our executive officers and directors as a group; and
- each person, or group of affiliated persons, who beneficially owned more than 5% of our common stock.

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We have determined beneficial ownership in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares of common stock that they beneficially owned, subject to applicable community property laws.

We have based percentage ownership of our common stock on 6,609,798 9,860,355 shares of our common stock outstanding as of December 31, 2022 December 31, 2023. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares of common stock subject to options held by the person that are currently exercisable or exercisable within 60 days of December 31, 2022 December 31, 2023, as well as all shares of common stock issuable pursuant to restricted stock units held by the person that are subject to vesting conditions expected to occur within 60 days of December 31, 2022 December 31, 2023. However, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Interlink Electronics, Inc., 1 Jenner, 15707 Rockfield Boulevard, Suite 200, 105, Irvine, California 92618.

Name of Beneficial Owner	Common Stock Beneficially Owned Number	Common Stock Beneficially Owned Percentage	Common Stock Beneficially Owned Number(1)	Common Stock Beneficially Owned Percentage
Named Executive Officers and Directors:				
Steven N. Bronson(1) (2)	5,448,698	82.4 %	8,192,720	83.1 %
Ryan J. Hoffman	—	—	—	—
Gene Chen, PhD	—	—	—	—
Joy C. Hou(2) (3)	12,135	0.2 %	18,899	0.2 %
David J. Wolenski	2,885	0.0 %	5,024	0.1 %
Maria N. Fregosi	1,978	0.0 %	3,663	0.0 %
All executive officers and directors as a group (6 persons)	5,465,696	82.7 %	8,220,306	83.4 %
Other 5% Stockholders:				
BKF Asset Holdings, Inc.(3) (4)	993,658	15.0 %	1,490,487	15.1 %

(1) Consists The numbers of (i) 4,249,040 shares of common stock in this table have been retroactively adjusted to reflect the 50% common stock dividend declared and paid in March 2024, which is accounted for as a stock split effected in the form of a stock dividend. On December 31, 2023, before the effect of the stock dividend, there were 6,573,570 shares of common stock outstanding which was adjusted to 9,860,355 for purposes of this table.

(2) Consists of (i) 340,350 shares held by Mr. Bronson individually, and jointly with his spouse, (ii) 993,658 6,033,210 shares held by SB4 Investments, LLC, of common stock which Mr. Bronson is the managing member, (iii) 1,490,487 shares held by BKF Asset Holdings, Inc., (iv) 309,000 shares held separately by Mr. Bronson's former spouse, and (iii) 206,000 (v) 19,673 shares of common stock held separately by Mr. Bronson's spouse. parents. Mr. Bronson has voting and/or dispositive power over the shares held by his former spouse and his parents. BKF Asset Holdings, Inc. is a wholly owned subsidiary of BKF Capital Group, Inc. Steven N. Bronson, Chairman, Chief Executive Officer and majority stockholder of BKF Capital Group, Inc., has voting and dispositive power with respect to these securities.

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(2) (3) Consists of (i) 7,385 11,774 shares of common stock held Ms. Hou jointly with her spouse and (ii) 4,750 7,125 shares of common stock held Ms. Hou's minor child.

(3) (4) BKF Asset Holdings, Inc. is a wholly-owned wholly owned subsidiary of BKF Capital Group, Inc. Steven N. Bronson, Chairman, Chief Executive Officer and majority stockholder of BKF Capital Group, Inc., has voting and dispositive power with respect to these securities.

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes certain information about our equity compensation plans as of December 31, 2022 December 31, 2023.

Plan Category	Number of Securities to be Securities to Issued Upon Exercise of be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Weighted Price of Outstanding Average Exercise Price of Outstanding Options, Warrants and Warrants and Rights (b)	Number of Securities Remaining Available for Available for Future Issuance Under Future Issuance Equity Compensation Plans Under Equity Compensation Plans (Excluding (Excluding Securities Reflected in Reflected in Column (a)) (c)
Equity compensation plans approved by security holders(1)	—	—	1,538,543 2,307,815
Equity compensation plans not approved by security holders	—	—	—
Total	—	—	1,538,543 2,307,815

(1) Consists of our 2016 Omnibus Incentive Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Transactions

We describe below transactions, and series of related transactions, since January 1, 2021 January 1, 2022 to which we were or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000 or 1% of our average total assets at December 31, 2022 December 31, 2023 and 2021; 2022; and
- any of our directors, executive officers, or beneficial holders of more than 5% of any class of our capital stock, or their immediate family members, had or will have a direct or indirect material interest.

Other than as described below, there has not been, nor is there any currently proposed, transaction or series of related transactions to which we have been or will be a party other than compensation arrangements for our directors and executive officers, which are described in this Form 10-K under Part III, Item 11, "Executive Compensation."

Cost Sharing Arrangements

Steven N. Bronson, our Chairman of the Board, President, and Chief Executive Officer, and Ryan J. Hoffman, our Chief Financial Officer, simultaneously serve as officers and, in the case of Mr. Bronson, as a director, of Qualstar Corporation and BKF Capital Group, Inc. Mr. Bronson serves as President and Chief Executive Officer and as a Director of Qualstar and as the Chairman of the Board and Chief Executive Officer of BKF Capital. Mr. Hoffman serves as Chief Financial Officer of each BKF Capital and served as Chief Financial Officer of Qualstar and BKF Capital. through August 2023.

We have entered into the following cost sharing arrangements with Qualstar and BKF Capital:

Irvine, California Facility: We have facilities agreements with both Qualstar and BKF Capital to allow each the use of a portion of the office leased by us in Irvine, California, and we have agreed to split substantially all rent and lease-related costs on an apportioned basis according to the approximate relative usage levels by each entity. For the years ended December 31, 2022 December 31, 2023 and 2021, 2022, we billed

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Qualstar $54 thousand $37,000 and $54 thousand, $54,000, respectively, for Qualstar's use of our Irvine office facility. For the years ended December 31, 2022 December 31, 2023 and 2021, 2022, we billed BKF Capital $6 thousand $5,000 and $3 thousand, $6,000, respectively, for BKF Capital's use of our Irvine office facility.

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Camarillo, California Facility: We have a facilities agreement with Qualstar to allow us to use a portion of the office and warehouse facility leased by Qualstar in Camarillo, California, and we have agreed to split substantially all rent and lease related costs on an apportioned basis according to the approximate relative usage levels by each entity. For the years ended December 31, 2022 December 31, 2023 and 2021, 2022, we incurred $73 thousand $75,000 and $72 thousand, $73,000, respectively, for our use of Qualstar's Camarillo facility.

Los Angeles, California Facility: Commencing Until the termination of the lease for such facility in March 2022, August 2023, we have had a facilities agreement with Qualstar to allow it the use of a portion of the office previously leased by us in Los Angeles, California, and we have had agreed to split substantially all rent and lease-related costs on an apportioned basis according to the approximate relative usage levels by each entity. For the year ended December 31, 2022, December 31, 2023 and 2022, we billed Qualstar $8 thousand $9,000 and $8,000, respectively, for Qualstar's use of our former Los Angeles office facility.

Consulting Agreements: We have entered into various consulting agreements with Qualstar and BKF Capital. Pursuant to the consulting agreements, certain of the parties' respective employees and independent contractors provide operational, sales, marketing, general and administrative services to the other entity. Interlink provided such consulting services to Qualstar in the amounts of $646 thousand $671,000 and $756 thousand $646,000 for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Interlink provided such consulting services to BKF Capital in the amounts of $73 thousand $0 and $65 thousand $73,000 for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Qualstar provided such consulting services to Interlink in the amounts of $12 thousand $22,000 and $14 thousand $12,000 for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. BKF Capital provided such consulting services to Interlink in the amounts of $26 thousand $73,000 and $0 thousand $26,000 for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

M&A Advisory Consulting Agreement: Effective July 2021, we We have entered into a M&A advisory consulting services agreement with Bronson Financial LLC, a wholly owned subsidiary of BKF Capital, in pursuant to which Bronson Financial LLC provides mergers and acquisitions advisory consulting services to Interlink for $10 thousand $10,000 per month. For each of the years ended December 31, 2022 December 31, 2023 and 2021, 2022, we incurred $120 thousand and $60 thousand $120,000 for services rendered under this agreement.

Expense Reimbursements: Additionally, the parties occasionally pay expenses on behalf of one another, for which each party reimburses the other party correspondingly. We incurred reimbursable expenses on behalf of Qualstar in the amounts of $90 thousand $43,000 and $82 thousand $90,000 for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. We incurred reimbursable expenses on behalf of BKF Capital in the amounts of $23 thousand $38,000 and $13 thousand $23,000 for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Qualstar incurred reimbursable expenses on behalf of us in the amounts of $11 thousand $35,000 and $16 thousand $11,000 for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. BKF Capital did not incur any reimbursable expenses on behalf of us in the years ended December 31, 2023 and 2022.

Indemnification Agreements

Pursuant to our bylaws, we will indemnify our directors and executive officers to the fullest extent permitted by Nevada law, without limitation as to amount or duration, in the event of any actual or threatened lawsuit or proceeding.

Policies and Procedures for Related Party Transactions

Our audit committee has the primary responsibility for reviewing and approving or disapproving “related party transactions,” which are transactions between us and related persons in which the aggregate amount involved exceeds or may be expected to exceed $120,000 or 1% of our average total assets at December 31, 2022 December 31, 2023 and 2021 2022 and in which a related person has or will have a direct or indirect material interest. Our policy regarding transactions between us and related persons provides that a related person is defined as a director, executive officer, nominee for director or greater than 5% beneficial owner of our common stock, in each case since the beginning of the most recently completed year, and any of their immediate family members. Our audit committee charter provides that our audit committee shall review and approve or disapprove any related party transactions.

Director Independence

Our common stock is listed on the Nasdaq Capital Market. Under the rules of The Nasdaq Stock Market, LLC or Nasdaq, (“Nasdaq”), independent directors must comprise a majority of a listed company’s board of directors. In addition, the Nasdaq rules require that, subject to specified exceptions, each member of a listed company’s audit, compensation and nominating and corporate governance

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committees be independent. Under the Nasdaq rules, a director will only qualify as an “independent director” if, in the opinion of that company’s board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

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Our board of directors has undertaken a review of the independence of each director and considered whether each director has a material relationship with us that could compromise or interfere with such director’s ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our board of directors has determined that Ms. Fregosi, Ms. Hou, and Mr. Wolenski are “independent directors” as defined under applicable Nasdaq rules and regulations. Because Mr. Bronson is employed by Interlink, he does not qualify as independent.

In addition, our board of directors has established an audit committee, a compensation committee and a nominating and governance committee. Ms. Fregosi, Ms. Hou, and Mr. Wolenski, each of whom is a non-employee member of our board of directors, serve on these board committees. Our board of directors has determined that each of Ms. Fregosi, Ms. Hou, and Mr. Wolenski satisfies the requirements for independence and, in the case of the audit committee, financial literacy for service on the audit committee, compensation committee and nominating and governance committee under applicable Nasdaq rules.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Committee Policy on Pre-Approval of Audit and Permissible Non-Audit Services

Consistent with requirements of the SEC and the Public Company Accounting Oversight Board, or PCAOB, regarding auditor independence, our audit committee is responsible for the appointment, compensation and oversight of the work of our independent registered public accounting firm. In recognition of this responsibility, our audit committee has a policy for the pre-approval of all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services.

Before the establishment of our audit committee in July 2020, the duties and responsibilities of the audit committee were performed by our full board of directors.

Before engagement of the independent registered public accounting firm for the next fiscal year's audit, the independent registered public accounting firm submits a detailed description of services expected to be rendered during that year for each of the following categories of services to the audit committee for approval:

- *Audit services.* Audit services include the annual financial statement audit (including required quarterly reviews) and other procedures required to be performed by the independent auditor to form an opinion on our consolidated financial statements. Audit services also include, as necessary, the attestation engagement for the independent auditor's report on management's report on internal controls for financial reporting. Other audit services may include services associated with SEC registration statements, periodic reports and other documents filed with the SEC.

- *Audit-related services.* Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of our financial statements or that are traditionally performed by the independent auditor.

- *Tax Services.* Tax services include services related to tax compliance, tax planning and tax advice.

- *All Other Services.* All other services are those services not described in the other categories that are not prohibited by SEC rules.

The audit committee pre-approves particular services or categories of services on a case-by-case basis. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the services must be pre-approved by the audit committee, or as permitted, the audit committee chair, before the independent registered public accounting firm is engaged. Pre-approval fee levels or budgeted amounts for all services to be provided by the independent registered public accounting firm are established annually by the audit committee. Any proposed services exceeding these levels or amounts require specific pre-approval by the audit committee, or the audit committee chair. All fees paid to LMHS, P.C. (the Company's current independent registered public accounting firm) and Macias Gini & O'Connell LLP (the Company's former independent registered public accounting firm) for the fiscal years ended December 31, 2022 December 31, 2023 and 2021 2022 were pre-approved by the audit committee.

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Fees Paid to Independent Registered Public Accounting Firm

On January 10, 2023, we engaged LMHS, P.C. as our independent registered public accounting firm, for our fiscal year ended December 31, 2022, and we dismissed Macias Gini & O'Connell LLP as our independent registered public accounting firm. LMHS, P.C. conducted the audits of our financial statements for the fiscal years ended December 31, 2023 and 2022 and conducted the reviews of our financial statements included in our Quarterly Reports on Form 10-Q filed during 2023. Macias Gini & O'Connell LLP conducted the audit reviews of our financial statements for the fiscal year ended December 31, 2021. included in our Quarterly Reports on Form 10-Q filed during 2022.

The following table presents fees billed to us by LMHS, P.C. for professional services rendered during for the fiscal year years ended December 31, 2022. LMHS, P.C. did not provide professional services to us during 2021. December 31, 2023 and 2022.

	2022	2023	2022
Audit Fees(1)	$ 140,000	$175,000	$140,000
Audit-Related Fees(2)	—	—	—
Tax Fees(3)	—	—	—
All Other Fees(4)	—	50,000	—
Total Fees	$ 140,000	$225,000	$140,000

The following table presents fees billed to us by Macias Gini & O'Connell LLP for professional services for the fiscal years year ended December 31, 2022 and 2021. . Macias Gini & O'Connell LLP did not provide professional services to us during 2023.

	2022	2021	2022
Audit Fees(1)	$ 111,000	$ 130,000	$111,000
Audit-Related Fees(2)	—	—	—

Tax Fees(3)	—	—	—
All Other Fees(4)	—	—	—
Total Fees	$ 111,000	$ 130,000	$111,000

(1) “Audit Fees” consist of fees for professional services rendered in connection with the audit of our annual consolidated financial statements, review of our quarterly financial statements presented in our quarterly reports on Form 10-Q, and services that are normally provided by our independent registered public accounting firm in connection with statutory and regulatory filings or engagements for the fiscal year.

(2) “Audit-Related Fees” consist of fees incurred for professional services that are reasonably related to the performance of the audit or review of the company’s financial statements.

(3) “Tax Fees” consist of fees incurred for professional services rendered in connection with tax audits, tax compliance, and tax consulting and planning.

(4) “All Other Fees” relate to professional services not included in the categories above, including services related to other regulatory reporting requirements.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

We have filed the following documents as part of this Annual Report on Form 10-K:

1. Consolidated Financial Statements

   Our consolidated financial statements are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules

   All schedules have been omitted because they are not required, not applicable, not present in amounts sufficient to require submission of the schedule, or the required information is otherwise included in our consolidated financial statements and related notes.

3. Exhibits

   The following exhibits are filed as part of this Annual Report on Form 10-K.

Exhibit		Incorporated by Reference				Filed		Incorporated by Reference				Filed
Number	Exhibit Description	Form	File Number	Exhibit	Filing Date	Herewith	Exhibit Description	Form	File Number	Exhibit	Filing Date	Herewith
2.1*							Share Purchase Agreement dated March 17, 2023 by and among the Registrant and the shareholders of Calman.	8-K	001-37659	2.1	March 23, 2023	

2.2*						Asset Purchase Agreement dated December 16, 2022 by and among the Registrant, SPEC Sensors, LLC, KWJ Engineering, Inc., and the members of SPEC and shareholders of KWJ.	8-K	001-37659	2.1	December 22, 2022
3.1	Articles of Incorporation of the Registrant	10	000-21858	3.1	February 17, 2016					
3.2	Certificate of Designations of Series A Preferred Stock	8-K	001-37659	3.1	October 25, 2021	Certificate of Designations of Series A Preferred Stock	8-K	001-37659	3.1	October 25, 2021
3.2.1						Certificate of Amendment of Certificate of Designations of Series A preferred Stock	8-K	001-37659	3.1	November 23, 2021
3.3	Bylaws of the Registrant	10	000-21858	3.2	February 17, 2016					
3.4	Amendment to Bylaws of the Registrant	10	000-21858	3.3	February 17, 2016					
4.1	Form of the Registrant's common stock certificate	10	000-21858	4.1	February 17, 2016					
10.1*	Form of Indemnification Agreement between the Registrant and each of its directors and officers	10	000-21858	10.1	February 17, 2016					
10.2*	Employment Agreement, dated July 7, 2016, between the Registrant and Steven N. Bronson	8-K	001-37659	10.1	July 11, 2016					
10.3*	Interlink Electronics, Inc. 2016 Omnibus Incentive Plan	8-K	001-37659	10.1	June 22, 2016					
10.4	Sublease, dated June 8, 2020, by and between Overland, Pacific & Cutler, LLC and Interlink Electronics, Inc.	10-12G	000-21858	10.6	August 4, 2020					

10.5*	Employment Offer Letter, dated November 4, 2020, between the Registrant and Ryan J. Hoffman	8-K	000-21858	10.1	November 17, 2020			
4.2							Description of Securities	X
10.1**								
10.2**								
10.3**								
10.4**								
21.1	List of Subsidiaries					X	List of Subsidiaries	X
23.1	Consent of Macias Gini & O'Connell LLP					X	Consent of LMHS, P.C.	X
23.2	Consent of RBSM LLP					X		
24.1	Power of Attorney (included on signature page)					X		
31.1	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X		

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24.1	Power of Attorney (included on signature page)	X
31.1	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
31.2	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
32.1#	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
97.1	Interlink Electronics, Inc. Compensation Recovery Policy	X
101.INS	XBRL Instance Document	X
101.SCH	XBRL Taxonomy Extension Schema Document	X

101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	X

* Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. Interlink will furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request. Interlink may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedules or exhibits so furnished.

** Each a management contract or compensatory plan or arrangement required to be filed as an exhibit to this annual report on Form 10-K.

The information in this exhibit is furnished and deemed not filed with the Securities and Exchange Commission for purposes of section 18 of the Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of Interlink Electronics, Inc. under the Securities Act of 1933, as amended, or the Exchange Act of 1934, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

ITEM 16. 16 – FORM 10-K SUMMARY

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 29, 2023 March 25, 2024

Interlink Electronics, Inc.

By: /s/ RYAN J. HOFFMAN
RYAN J. HOFFMAN
Chief Financial Officer
(Principal Financial and Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Steven N. Bronson and Ryan J. Hoffman, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution for him, and in his name in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and any of them or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Steven N. Bronson Steven N. Bronson	Chief Executive Officer, President and Chairman of the Board of Directors *(Principal Executive Officer)*	March 29, 2023 25, 2024
/s/ Ryan J. Hoffman Ryan J. Hoffman	Chief Financial Officer and Secretary (*Principal Financial and Accounting Officer*)	March 29, 2023 25, 2024
/s/ Maria N. Fregosi Maria N. Fregosi	Director	March 29, 2023 25, 2024
/s/ Joy C. Hou Joy C. Hou	Director	March 29, 2023 25, 2024
/s/ David J. Wolenski David J. Wolenski	Director	March 29, 2023 25, 2024

Exhibit 4.2

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

The following is a summary of the material terms of our securities that are registered under Section 12 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and is not intended to be a complete summary of the rights and preferences of such securities. The full text of our articles of incorporation and amendments thereto, and our bylaws and amendment thereto are included as exhibits to the Form 10-K of which this exhibit is a part. You are encouraged to read the applicable provisions of our articles of incorporation, bylaws and the Nevada Revised Statutes in their entirety for a complete description of the rights and preferences of our securities.

Classes of Stock

Our authorized capital stock consists of 30,000,000 shares of common stock, par value $0.001, and 1,000,000 shares of preferred stock, par value $0.01 per share, of which 200,000 preferred shares are designated as 8.00% Series A Convertible Preferred Stock.

Common Stock

The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of our stockholders and do not have cumulative voting rights. Accordingly, holders of a majority of the shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. Subject to preferences that may be applicable to any preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive ratably dividends, if any, as may be declared by our board of directors (the "***Board***") out of assets legally available. In the event of our liquidation, dissolution, or winding up, holders of our common stock are entitled to share ratably in our net assets legally available after payment of debt and liabilities, subject to the liquidation preferences of any preferred stock then outstanding. Holders of common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences, and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock currently outstanding or that we may designate and issue in the future. All outstanding shares of our common stock are fully paid and non-assessable.

Preferred Stock

Pursuant to our articles of incorporation, our Board has the authority, without further action by the stockholders (unless such stockholder action is required by applicable law or the rules of The Nasdaq Stock Market), to designate and issue from time to time up to 1,000,000 shares of preferred stock in one or more series. Our Board may fix or alter the rights, preferences and privileges of the shares of each series and any of its qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, redemption rights, liquidation preference, sinking fund terms and the number of shares constituting any series or the designation of any series. Shares of our preferred stock, if issued, will be fully paid and non-assessable.

The Nevada Revised Statutes ("***NRS***") provide that the holders of preferred stock will have the right to vote separately as a class (or, in some cases, as a series) on an amendment to our articles of incorporation if the amendment would change the par value or, unless the articles of incorporation provided otherwise, the number of authorized shares of the class or change the powers, preferences or special rights of the class or series so as to adversely affect the class or series, as the case may be. This right is in addition to any voting rights that may be provided for in the applicable certificate of designation.

Our Board may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. Preferred stock could be issued quickly with terms designed to delay or prevent a change in control of our company or make removal of management more

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difficult. Additionally, the issuance of preferred stock may have the effect of decreasing the market price of our common stock.

Series A Convertible Preferred Stock

For a discussion of the terms of our Series A Preferred Stock, see Note 5 to our audited financial statements, *Series A Convertible Preferred Stock*, incorporated in this document by reference.

Anti-Takeover Effects of Our Charter Documents

Our articles of incorporation and bylaws contain provisions that could have the effect of delaying, deferring, or discouraging another party from acquiring control of us. These provisions and certain provisions of the NRS, which are summarized below, could discourage takeovers, coercive or otherwise. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our Board. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

Undesignated Preferred Stock. As discussed above under "Preferred Stock," our Board will have the ability to designate and issue preferred stock with voting or other rights or preferences that could deter hostile takeovers or delay changes in our control or management.

Limits on Ability of Stockholders to Call a Special Meeting. Our articles of incorporation provide that special meetings of the stockholders may be called only by our Board, by majority vote, or by any stockholder or group of stockholders who own and have the right to vote more than 25% of our issued and outstanding securities, which may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

Anti-Takeover Effects of Nevada Law

The NRS expressly permit our board, when evaluating any proposed tender or exchange offer, any merger, consolidation or sale of substantially all of our assets, or any similar extraordinary transaction, to consider all relevant factors including, without limitation, the social, legal, and economic effects on the employees, customers, suppliers, and other of our constituencies, and on the communities and geographical areas in which we operate. Our Board may also consider the amount of consideration being offered in relation to the then current market price for our outstanding shares of capital stock and our then current value in a freely negotiated transaction.

Control Share Acquisitions

The "control share" provisions of Sections 78.378 to 78.3793, inclusive, of the NRS apply to "issuing corporations" that are Nevada corporations with at least 200 stockholders, including at least 100 stockholders of record who are Nevada residents, and that conduct business directly or indirectly in Nevada. The control share statute prohibits an acquirer, under certain circumstances, from voting its shares of a target corporation's stock after crossing certain ownership threshold percentages, unless the acquirer obtains approval of the target corporation's disinterested stockholders. The statute specifies three thresholds: one-fifth or more but less than one-third, one-third but less than a majority, and a majority or more, of the outstanding voting power. Generally, once an acquirer crosses one of the above thresholds, those shares in an offer or acquisition and acquired within 90 days thereof become "control shares" and such control shares are deprived of the right to vote until disinterested stockholders restore the right. These provisions also provide that if control shares are accorded full voting rights and the acquiring person has acquired a majority or more of all voting power, all other stockholders who do not vote in favor of authorizing voting rights to the control shares are entitled to demand payment for the fair value of their shares in accordance with statutory procedures established for dissenters' rights.

A corporation may elect to not be governed by, or "opt out" of, the control share provisions by making an election in its articles of incorporation or bylaws, provided that the opt-out election must be in place on the 10th day following the date an acquiring person has acquired a controlling interest, that is, crossing any of the three thresholds

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described above. We have not opted out of the control share statutes, and will be subject to these statutes if we are an "issuing corporation" as defined in such statutes.

The effect of the NRS control share statutes is that the acquiring person, and those acting in association with the acquiring person, will obtain only such voting rights in the control shares as are conferred by a resolution of the stockholders at an annual or special meeting. The NRS control share law, if applicable, could have the effect of discouraging takeovers of our Company.

Business Combinations

The "business combination" provisions of Sections 78.411 to 78.444, inclusive, of the NRS, generally prohibit a Nevada corporation with at least 200 stockholders from engaging in various "combination" transactions with any interested stockholder for a period of two years after the date of the transaction in which the person became an interested stockholder, unless the transaction is approved by the board of directors prior to the date the interested stockholder obtained such status or the combination is approved by the board of directors and thereafter is approved at a meeting of the stockholders by the affirmative vote of stockholders representing at least 60% of the outstanding voting power held by disinterested stockholders, and extends beyond the expiration of the two-year period, unless:

- the combination was approved by the board of directors prior to the person becoming an interested stockholder or the transaction by which the person first became an interested stockholder was approved by the board of directors before the person became an interested stockholder or the combination is later approved by a majority of the voting power held by disinterested stockholders; or

- if the consideration to be paid by the interested stockholder is at least equal to the highest of: (a) the highest price per share paid by the interested stockholder within the two years immediately preceding the date of the announcement of the combination or in the transaction in which it became an interested stockholder, whichever is higher, (b) the market value per share of common stock on the date of announcement of the combination and the date the interested stockholder acquired the shares, whichever is higher, or (c) for holders of preferred stock, the highest liquidation value of the preferred stock, if it is higher.

A "combination" is generally defined to include mergers or consolidations or any sale, lease exchange, mortgage, pledge, transfer, or other disposition, in one transaction or a series of transactions, with an "interested stockholder" having: (a) an aggregate market value equal to 5% or more of the aggregate market value of the assets of the corporation, (b) an aggregate market value equal to 5% or more of the aggregate market value of all outstanding shares of the corporation, (c) 10% or more of the earning power or net income of the corporation, and (d) certain other transactions with an interested stockholder or an affiliate or associate of an interested stockholder.

In general, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within two years, did own) 10% or more of a corporation's voting stock. The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire our Company even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

Transfer Agent and Registrar

Our transfer agent and registrar for our common stock is Computershare. The transfer agent's address is 8742 Lucent Blvd., Suite 225, Highland Ranch, CO 80129, and its telephone number is (303) 262-0600.

Listing on The NASDAQ Capital Market

Our common stock is listed on The Nasdaq Capital Market under the symbol "LINK." The Series A Preferred Stock is not listed on any securities exchange and there is no established trading market for these securities.

Exhibit 21.1

Name of Entity	State or Other Jurisdiction of Incorporation or Organization
Interlink Electronics Asia Pacific Limited	Hong Kong
Interlink Electronics (China) Co. Ltd.	China
Interlink Electronics Singapore Private Limited	Singapore
IE Sensors, Inc.	Nevada
Interlink Electronics Limited	United Kingdom
Calman Technology Limited	United Kingdom

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-261602 and 333-261603) and Form S-8 (No. 333-250142) of Interlink Electronics, Inc., of our report dated March 29, 2023 March 25, 2024, relating to the consolidated financial statements which appears in this annual report on Form 10-K.

/s/ LMHS, P.C.

Norwell, MA
March 29, 2023

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 (Nos. 333-261602 and 333-261603) and Form S-8 (No. 333-250142) of Interlink Electronics, Inc. of our report dated March 29, 2022 relating to the consolidated financial statements of Interlink Electronics, Inc., appearing in this Annual Report on Form 10-K of Interlink Electronics, Inc. for the year ended December 31, 2022.

/s/ Macias Gini & O'Connell LLP

Irvine, CA
March 29, 2023 25, 2024

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant To Exchange Act Rules 13a-14(a) and 15d-14(a),
As Adopted Pursuant To
Section 302 of Sarbanes-Oxley Act of 2002

I, Steven N. Bronson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Interlink Electronics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2023 March 25, 2024

/s/ Steven N. Bronson
Steven N. Bronson, Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer
Pursuant To Exchange Act Rules 13a-14(a) and 15d-14(a),
As Adopted Pursuant To
Section 302 of Sarbanes-Oxley Act of 2002

I, Ryan J. Hoffman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Interlink Electronics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2023 March 25, 2024

/s/ Ryan J. Hoffman
Ryan J. Hoffman, Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of Principal Executive Officer and Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), Steven N. Bronson, Chief Executive Officer (Principal Executive Officer) and Ryan J. Hoffman, Chief Financial Officer (Principal Financial and Accounting Officer) of Interlink Electronics, Inc. (the "Company"), hereby certifies that, to the best of his knowledge:

1. Our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, to which this Certification is attached as Exhibit 32.1 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 29, 2023 March 25, 2024

/s/ Steven N. Bronson
Steven N. Bronson
Chief Executive Officer
(Principal Executive Officer)

/s/ Ryan J. Hoffman
Ryan J. Hoffman
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 97.1

INTERLINK ELECTRONICS, INC.

COMPENSATION RECOVERY POLICY

Adopted November 20, 2023

1. INTRODUCTION

The Board of Directors (the "**Board**") of Interlink Electronics, Inc. (the "**Company**") believes that it is in the best interests of the Company and its stockholders to adopt this Compensation Recovery Policy (the "**Policy**"), effective as of October 2, 2023 (the "**Effective Date**"), in accordance with the applicable rules of The Nasdaq Stock Market (the "**Nasdaq Rules**"), and Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended ("**Rule 10D-1**", and together with the Nasdaq Rules, the "**Listing Standards**"). This Policy provides for the recovery of erroneously awarded Incentive-Based Compensation from executive officers in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws.

2. DEFINITIONS

In addition to the terms defined elsewhere in this Policy, the following definitions shall apply when used in this Policy:

- "**Accounting Restatement**" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under applicable securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error was left uncorrected in the current period or the error correction was recognized in the current period.

- "**Applicable Period**" means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year). The "**date on which the Company is required to prepare an Accounting Restatement**" is the earlier to occur of (a) the date the Administrator concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement or (b) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement, in each case regardless of if or when the restated financial statements are filed.

- "**Executive Officers**" shall mean the Chief Executive Officer, President, Chief Financial Officer, Chief Accounting Officer (or other principal accounting officer), Chief Operating Officer, any other officer in charge of a principal business unit, division or function, any

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other officer who performs a significant policy-making function for the Company, and any executive officer as defined in Item 4.01(b) of Regulation S-K.

- "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended.

- "**Financial Reporting Measure**" shall mean any measure that is determined and presented in accordance with the accounting principles used in preparing financial statements, or any measure derived wholly or in part from the Company's financial information. Financial Reporting Measures include but are not limited to the following (and any measures derived from the following): Company stock price; total shareholder return; revenues; net income; operating income; profitability of one or more reportable segments; financial ratios (e.g., accounts receivable turnover and inventory turnover rates); earnings before interest, taxes, depreciation and amortization; funds from operations and adjusted funds from operations; liquidity measures (e.g., working capital, operating cash flow); return measures (e.g., return on invested capital, return on assets); earnings measures (e.g., earnings per share); sales per square foot or same store sales, where sales is subject to an Accounting Restatement; revenue per user, or average revenue per user, where revenue is subject to an Accounting Restatement; cost per employee, where cost is subject to an Accounting Restatement; any of such financial reporting measures relative to a peer group, where the Company's financial reporting measure is subject to an Accounting Restatement; and tax basis income. A Financial Reporting Measure need not be presented within the Company's financial statements or included in a filing with the SEC.

- "**Incentive-Based Compensation**" shall mean compensation that is granted, earned, or vested based wholly or in part on the attainment of a Financial Reporting Measure, including, but not limited to: annual bonuses and other short- and long-term cash incentives; stock options; stock appreciation rights; restricted stock; restricted stock units; performance shares; and performance units.

- "**SEC**" means the United States Securities and Exchange Commission.

3. ADMINISTRATION

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee of the Board (as applicable, the "**Administrator**"). The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy and for the Company's compliance with applicable laws, Listing Standards, regulations or rules. Any determinations made by the Administrator shall be final and binding on all affected individuals and need not be uniform with respect to each individual covered by the Policy. In the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board, such as the Audit Committee, as may be necessary or appropriate as to matters within the scope of such other committee's responsibility and authority. Subject to any limitation at applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any

and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

4. COVERED EXECUTIVES

This Policy applies to the Company's current and former Executive Officers, as determined by the Administrator in accordance with Section 10D of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed, and such other senior executives/employees who may from time to time be deemed subject to the Policy by the Administrator (the "**Covered Executives**").

For clarity, the term "Covered Executives" does not apply to individuals before they began service as an Executive Officer or who did not serve as an Executive Officer at any time during the Applicable Period.

5. RECOVERY OF ERRONEOUSLY-AWARDED COMPENSATION

In the event the Company is required to prepare an Accounting Restatement, the Company and the Administrator will reasonably promptly recover the excess Incentive-Based Compensation (the "**Erroneously Awarded Compensation**") received by the Covered Executives in accordance with the Nasdaq Rules and Rule 10D-1, as calculated pursuant to Section 5(a) below. Such recovery pursuant to an Accounting Restatement will be made without regard to any individual knowledge or responsibility related to the Accounting Restatement. Notwithstanding the foregoing, if the Company is required to undertake an Accounting Restatement, the Company will not be required to recover the Erroneously Awarded Compensation if the Administrator, after a thorough review of all relevant facts, determines it will be impracticable to do so.

a. <u>Amount Subject to Recovery</u>

The amount of Erroneously Awarded Compensation subject to recovery under the Policy, as determined by the Administrator, is the amount of Incentive-Based Compensation received by the Covered Executive that exceeds the amount of Incentive-Based Compensation that would have been received by the Covered Executive had it been determined based on the restated amounts, as determined by the Administrator. The Administrator shall compute the Erroneously Awarded Compensation without regard to any taxes paid by the Covered Executive in respect of the Erroneously Awarded Compensation. If the Administrator cannot determine the amount of excess Incentive-Based Compensation received by the Covered Executive based on the information in the Accounting Restatement, the Administrator will make its determination using a reasonable estimate of the effect of the Accounting Restatement.

Incentive-Based Compensation is "*received*" for purposes of this Policy in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

For clarity, Incentive-Based Compensation does not include salaries, bonuses paid in satisfaction of subjective standards, non-equity incentive plan awards earned by satisfying strategic or operational measures, wholly time-based stock options or other equity awards, and discretionary bonuses or compensation paid on a discretionary basis.

b. Method of Recoupment/Recovery

After an Accounting Restatement and a determination that recovery of excess Incentive-Based Compensation is required, the Administrator shall promptly notify each Covered Executive with a written notice containing the amount of any Erroneously Awarded Compensation and the procedure the Administrator will follow in recovering the amount. The Administrator, in its sole discretion, shall determine the method for recovering the Erroneously Awarded Compensation, which may include, without limitation:

- requiring reimbursement of cash Incentive-Based Compensation previously paid;
- seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- subject to compliance with applicable law, offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;
- forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder;
- cancelling outstanding vested or unvested equity awards; and/or
- taking any other remedial and recovery action permitted by law, as determined by the Administrator.

The Company shall not accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of a Covered Executive's obligations hereunder, unless otherwise provided for in this Policy or as may be allowed by the relevant securities laws and Listing Standards.

In the event that the Covered Executive has already reimbursed the Company for any Erroneously Awarded Compensation received under any duplicative recovery obligations established by the Company or applicable law, it shall be appropriate for any such reimbursed amount to be credited to the amount of Erroneously Awarded Compensation that is subject to recovery under this Policy.

The Company shall take all actions reasonable and appropriate to recover the Erroneously Awarded Compensation from the applicable Covered Executive in the event the Covered Executive fails to repay the Erroneously Awarded Compensation to the Company when due. The Covered Executive shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation.

c. When Recovery is Impracticable

For purposes of this Policy, it is impracticable for the Administrator to exercise its authority to seek recovery of the Erroneously Awarded Compensation if:

- The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Administrator must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover and provide that documentation to The Nasdaq Stock Market;
- Recovery would violate the laws of the United States where such laws were adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of the laws of the United States, the Administrator must satisfy the applicable opinion and disclosure requirements of Rule 10D-1 and the Listing Standards; or

- Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

If the Board is serving as Administrator, any determination that recovery of Erroneously Awarded Compensation would be impracticable must be made by a majority of the "independent directors" (as defined by applicable Nasdaq Rules) serving on the Board.

6. NO INDEMNIFICATION

The Company shall not be permitted to insure or indemnify any Covered Executive against (i) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or (ii) any claims relating to the Company's enforcement of its rights under this Policy. Further, the Company shall not enter into any agreement that exempts any Incentive-Based Compensation that is granted, paid or awarded to a Covered Executive from the application of this Policy or that waives the Company's right to recovery of any Erroneously Awarded Compensation, and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date).

7. ADMINISTRATOR INDEMNIFICATION

Any members of the Administrator, any other members of the Board and any officers and/or employees of the Company who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board and any officers and/or employees of the Company under applicable law or Company policy.

8. AMENDMENT; TERMINATION

The Board may amend, modify, supplement or delete all or any portion of this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect changes in or

supplements to regulations adopted by the SEC and to comply with any rules or standards adopted by a national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time.

9. OTHER RECOUPMENT RIGHTS; COMPANY CLAIMS

The Board intends that this Policy will be applied to the fullest extent of the law. The Administrator may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company. Nothing contained in this Policy, and no recoupment or recovery as contemplated by this Policy, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Executive arising out of or resulting from any actions or omissions by the Covered Executive.

10. ACKNOWLEDGMENT BY COVERED EXECUTIVES; CONDITION TO ELIGIBILITY FOR INCENTIVE-BASED COMPENSATION

The Company will provide notice and seek acknowledgement of this Policy from each Covered Executive in the form attached hereto as Exhibit A, provided that the failure to provide such notice or obtain such acknowledgement will not affect the applicability of or enforceability of this Policy. The Company must receive the Covered Executive's acknowledgement as a condition to such Covered Executive's eligibility to receive Incentive-Based Compensation.

11. DISCLOSURE REQUIREMENTS

The Company shall file all disclosures with respect to this Policy required by applicable SEC filings and rules.

12. SUCCESSORS

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

EXHIBIT A

COMPENSATION RECOVERY POLICY ACKNOWLEDGEMENT

I, the undersigned, agree and acknowledge that I am fully bound by, and subject to, all of the terms and conditions of the Interlink Electronics, Inc. Compensation Recovery Policy (as may be amended, restated, supplemented or otherwise modified from time to time, the "**Policy**"). In the event of any inconsistency between the Policy and the terms of any employment agreement to which I am a party, the terms of any compensation plan, program or agreement under which any compensation has been granted, awarded, earned or paid, any indemnification agreement to which I am subject, or any corporate document obligating the Company to indemnify me in accordance with its terms, the terms of the Policy shall govern. In the event it is determined by the Administrator that any amounts granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement. Any capitalized terms used in this Compensation Recovery Policy Acknowledgment without definition shall have the meaning set forth in the Policy.

By: ______________________________ Date: ______________________________

[Name]

[Title]

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