



**Makers of Relm and BK Radio**

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## **RELM Wireless Reports First Quarter 2014 Results**

**-Sales Increase 10.6% and Pretax Income Improves 25.5% from First Quarter Last Year-**

WEST MELBOURNE, Florida -- May 13, 2014 -- RELM Wireless Corporation (NYSE MKT: RWC) today announced its financial and operating results for the first quarter ended March 31, 2014.

For the first quarter ended March 31, 2014, sales increased approximately 10.6% to \$7.8 million, compared with approximately \$7.1 million for the first quarter last year. Pretax income increased approximately 25.5% to \$601,000, compared with approximately \$479,000 for the first quarter last year. The Company recognized income tax expense of approximately \$126,000 for the first quarter 2014, compared with approximately \$74,000 for the same quarter last year. Income tax expense for both quarters was largely non-cash due to the Company's deferred tax assets derived primarily from its net operating loss carry forwards. Net income for the first quarter ended March 31, 2014 totaled approximately \$475,000, or \$0.03 per basic and diluted share, compared with approximately \$405,000, or \$0.03 per basic and diluted share, for the same quarter last year.

Gross profit margin for the first quarter 2014 was approximately 40.2% of sales, versus 45.7% of sales for the same quarter last year. Selling, general and administrative expenses declined approximately 6.9% to \$2.5 million (32.5% of sales) for the first quarter 2014, compared with \$2.7 million (38.7% of sales) for the first quarter last year.

The Company had approximately \$26.5 million in working capital as of March 31, 2014, of which approximately \$13.6 million was comprised of cash and trade receivables. This compares with working capital of \$25.7 million as of December 31, 2013, of which approximately \$10.8 million was comprised of cash and trade receivables. The Company had no debt outstanding under its revolving credit facility at March 31, 2014.

RELM President and Chief Executive Officer David Storey commented, "The first quarter was an encouraging start to the year for customer orders and sales. Total net sales were our highest for a first quarter in over a decade. Just as important, we had noteworthy wins, some of which were announced during the quarter, with new state, county and municipal customers. This segment of the market continues to be a key strategic objective for us. These sales successes were bolstered by a surge in demand from longstanding federal legacy customers, which was also announced during the quarter."

Mr. Storey continued, "Operationally, I am pleased with our continued progress in reducing inventories. Through March 31, 2014, net inventories have declined over 21% from their high-

point in February 2013, reaching their lowest level since 2010. This has been a key contributor to the improvement in our working capital and overall balance sheet position during that span. Our gross profit margins for the quarter were impacted by factors that include product sales mix, competitive pressures and manufacturing efficiencies.”

Mr. Storey concluded, “Overall, our business environment has shown signs of improvement. In particular, I believe the passage of a federal budget is a positive development. We are establishing a foothold in more markets, raising our profile and forging a favorable reputation for reliability, service and value, all of which support our mission for growth.”

### **Conference Call and Webcast**

The Company will host a conference call and webcast for investors at 9:00 a.m. Eastern Time, Wednesday, May 14, 2014. Shareholders and other interested parties may participate in the conference call by dialing 877-317-6789 (international/local participants dial 412-317-6789) and asking to be connected to the “RELM Wireless Corporation Conference Call” a few minutes before 9:00 a.m. Eastern Time on May 14, 2014. The call will also be webcast at <http://www.relm.com>. Please allow extra time prior to the call to visit the site and download any necessary software to listen to the Internet webcast. An online archive of the webcast will be available on the Company’s website for 30 days following the call at <http://www.relm.com>.

A replay of the conference call will be available one hour after the completion of the call until May 23, 2014, by dialing 877-344-7529 (international/local participants dial 412-317-0088) and entering the conference ID# 10044984.

### **About APCO Project 25 (P25)**

APCO Project 25 (P25), which requires interoperability among compliant equipment regardless of the manufacturer, was established by the Association of Public-Safety Communications Officials and is approved by the U.S. Department of Homeland Security. The shift toward interoperability gained momentum as a result of significant communications failures in critical emergency situations. RELM was one of the first manufacturers to develop P25-compliant technology.

### **About RELM Wireless Corporation**

As an American Manufacturer for more than 65 years, RELM Wireless Corporation has produced high-specification two-way communications equipment of unsurpassed reliability and value for use by public safety professionals and government agencies, as well as radios for use in a wide range of commercial and industrial applications. Advances include a broad new line of leading digital two-way radios compliant with APCO Project 25 specifications. RELM’s products are manufactured and distributed worldwide under BK Radio and RELM brand names. The Company maintains its headquarters in West Melbourne, Florida and can be contacted through its web site at [www.relm.com](http://www.relm.com) or directly at 1-800-821-2900. The Company’s common stock trades on the NYSE MKT market under the symbol “RWC”.

*This press release contains certain forward-looking statements that are made pursuant to the “Safe Harbor” provisions of the Private Securities Litigation Reform Act Of 1995. These forward-looking statements concern the Company’s operations, economic performance and financial condition and are based largely on the Company’s beliefs and expectations. These statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking*

*statements. Such factors and risks include, among others, the following: changes or advances in technology; the success of our LMR product line; competition in the land mobile radio industry; general economic and business conditions, including federal, state and local government budget deficits and spending limitations; the availability, terms and deployment of capital; reliance on contract manufacturers and suppliers; heavy reliance on sales to agencies of the U.S. government; our ability to utilize deferred tax assets; retention of executive officers and key personnel; our ability to manage our growth; government regulation; business with manufacturers located in other countries; our inventory and debt levels; protection of our intellectual property rights; acts of war or terrorism; any infringement claims; provisions in our charter documents and under Nevada law that may discourage a potential takeover; maintenance of our NYSE MKT listing; and the effect on our stock price and ability to raise equity capital of future sales of shares of our common stock. Certain of these factors and risks, as well as other risks and uncertainties, are stated in more detail in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and in the Company's subsequent filings with the SEC. These forward-looking statements are made as of the date of this press release, and the Company assumes no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statements.*

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**(Financial Tables To Follow)**

**RELM WIRELESS CORPORATION**  
**Condensed Consolidated Statements of Operations**  
*(In Thousands, Except Per Share Amounts)*

	<b><u>Three Months Ended</u></b>	
	<i>(Unaudited)</i>	
	<b><u>3/31/2014</u></b>	<b><u>3/31/2013</u></b>
Sales, net	\$ 7,824	\$ 7,073
<b>Expenses:</b>		
Cost of products	4,678	3,838
Selling, general and administrative expenses	<u>2,546</u>	<u>2,736</u>
Total expenses	7,224	6,574
Operating income	600	499
<b>Other expense:</b>		
Net interest expense	-	-
Other income (expense)	<u>1</u>	<u>(20)</u>
Income before income taxes	601	479
Income tax expense	<u>(126)</u>	<u>(74)</u>
Net income	<u>\$ 475</u>	<u>\$ 405</u>
Net income per share - basic	<u>\$ 0.03</u>	<u>\$ 0.03</u>
Net income per share - diluted	<u>\$ 0.03</u>	<u>\$ 0.03</u>
Weighted average common shares outstanding, basic	13,623	13,545
Weighted average common shares outstanding, diluted	13,712	13,556

**RELM WIRELESS CORPORATION**  
**Condensed Consolidated Balance Sheets**

*(In Thousands, Except Share Data)*

	<b>March 31,</b> <b>2014</b>	<b>December 31,</b> <b>2013</b>
<b>ASSETS</b>		
Current assets:		
Cash & cash equivalents	\$ 8,042	\$ 7,945
Trade accounts receivable, net	5,539	2,844
Inventories, net	10,865	11,575
Deferred tax assets, net	3,617	3,836
Prepaid expenses & other current assets	<u>1,552</u>	<u>1,920</u>
Total current assets	29,615	28,120
Property, plant and equipment, net	1,082	1,045
Deferred tax assets, net	3,165	3,072
Capitalized software, net	1,281	1,478
Other assets	<u>298</u>	<u>308</u>
<b>Total assets</b>	<b><u>\$ 35,441</u></b>	<b><u>\$ 34,023</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,690	\$ 950
Accrued compensation and related taxes	922	779
Accrued warranty expense	313	292
Accrued other expenses and other current liabilities	109	154
Deferred revenue	<u>251</u>	<u>281</u>
Total current liabilities	3,285	2,456
Deferred revenue	<u>151</u>	<u>147</u>
Total liabilities	<u>3,436</u>	<u>2,603</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock; \$1.00 par value; 1,000,000 authorized shares, none issued or outstanding.	-	-
Common stock; \$0.60 par value; 20,000,000 authorized shares; 13,545,482 issued and outstanding shares at March 31, 2013 and December 31, 2012, respectively.	8,181	8,153
Additional paid-in capital	24,754	24,672
Accumulated deficit	<u>(930)</u>	<u>(1,405)</u>
Total stockholders' equity	<u>32,005</u>	<u>31,420</u>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 35,441</u></b>	<b><u>\$ 34,023</u></b>