**BK TECHNOLOGIES CORPORATION**

**Condensed Consolidated Balance Sheets**

(*In thousands, except share data)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **September 30, 2021** |  | December 31, 2020 \* |
|  |  | *(Unaudited)* |  |  |
| **ASSETS** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Current assets: |  |  |  |  |  |  |
| Cash and cash equivalents |  | $ | **14,087** |  | $ | 6,826 |
| Trade accounts receivable, net  |  |  | **7,646** |  |  | 6,466 |
| Inventories, net |  |  | **15,981** |  |  | 10,545 |
| Prepaid expenses and other current assets |  |  | **1,941** |  |  | 1,878 |
| Total current assets |  |  | **39,655** |  |  | 25,715 |
|  |  |  |  |  |  |  |
| Property, plant and equipment, net |  |  | **4,454** |  |  | 3,566 |
| Right-of-use (ROU) asset |  |  | **2,497** |  |  | 2,887 |
| Investment in securities |  |  | **2,324** |  |  | 2,014 |
| Deferred tax assets, net |  |  | **4,116** |  |  | 4,300 |
| Other assets |  |  | **88** |  |  | 112 |
| Total assets |  | $ | **53,134** |  | $ | 38,594 |
|  |  |  |  |  |  |  |
| LIABILITIES AND STOCKHOLDERS’ EQUITY |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Current liabilities: |  |  |  |  |  |  |
| Accounts payable |  | $ | **7,520** |  | $ | 5,119 |
| Accrued compensation and related taxes |  |  | **1,522** |  |  | 1,635 |
| Accrued warranty expense |  |  | **666** |  |  | 791 |
| Accrued other expenses and other current liabilities |  |  | **836** |  |  | 307 |
| Dividends payable |  |  | **336** |  |  | 250 |
| Short-term lease liability |  |  | **437** |  |  | 525 |
| Credit facility |  |  | **1,470** |  |  | — |
| Notes payable-current portion |  |  | **264** |  |  | 82 |
| Deferred revenue |  |  | **992** |  |  | 757 |
| Total current liabilities  |  |  | **14,043** |  |  | 9,466 |
|  |  |  |  |  |  |  |
| Notes payable, net of current portion |  |  | **673** |  |  | 247 |
| Long-term lease liability |  |  | **2,385** |  |  | 2,702 |
| Deferred revenue |  |  | **2,789** |  |  | 2,551 |
| Total liabilities |  |  | **19,890** |  |  | 14,966 |
| Commitments and contingencies |  |  |  |  |  |  |
| Stockholders’ equity: |  |  |  |  |  |  |
| Preferred stock; $1.00 par value; 1,000,000 authorized shares; none issued or outstanding |  |  | — |  |  | — |
| Common stock; $.60 par value; 20,000,000 authorized shares; 18,264,736 and 13,962,366 issued and 16,814,336 and 12,511,966 outstanding shares at September 30, 2021, and December 31, 2020, respectively  |  |  | **10,958** |  |  | 8,377 |
| Additional paid-in capital |  |  | **35,701** |  |  | 26,346 |
| Accumulated deficit  |  |  | **(8,013)** |  |  | (5,693) |
| Treasury stock, at cost, 1,450,400 shares at September 30, 2021, and December 31, 2020, respectively |  |  | **(5,402)** |  |  | (5,402) |
| Total stockholders’ equity |  |  | **33,244** |  |  | 23,628 |
| Total liabilities and stockholders’ equity |  | $ | **53,134** |  | $ | 38,594 |

**BK TECHNOLOGIES CORPORATION**

**Condensed Consolidated Statements of Operations**

(*In thousands, except share and per share data*) (*Unaudited*)

|  |  |  |  |
| --- | --- | --- | --- |
|   | **Three Months Ended** |  | **Nine Months Ended** |
|  | **September 30, 2021** |  | September 30, 2020 \* |  | **September 30, 2021** |  | September 30, 2020 \* |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Sales, net | **$** | **12,626** |  | $ | 12,760 |  | **$** | **32,526** |  | $ | 33,586 |
| Expenses |  |  |  |  |  |  |  |  |  |  |  |
| Cost of products |  | **8,488** |  |  | 7,448 |  |  | **20,914** |  |  | 20,316 |
| Selling, general and administrative  |  | **4,508** |  |  | 4,158 |  |  | **13,034** |  |  | 13,265 |
| Total expenses |  | **12,996** |  |  | 11,606 |  |  | **33,948** |  |  | 33,581 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Operating (loss) income |  | **(370)** |  |  | 1,154 |  |  | **(1,422)** |  |  | 5 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Other (expense) income: |  |  |  |  |  |  |  |  |  |  |  |
| Net interest (expense) income |  | **(19)** |  |  | (6) |  |  | **(37)** |  |  | (4) |
| Loss on disposal of property,  plant and equipment |  | **(6)** |  |  | — |  |  | **(6)** |  |  | — |  |
| (Loss) gain on investment in securities |  | **(2,157)** |  |  | (291) |  |  | **310** |  |  | (797) |
| Other expense  |  | **(14)** |  |  | (65) |  |  | **(59)** |  |  | (144) |
| Total other (expense) income |  | **(2,196)** |  |  | (362) |  |  | **208** |  |  | (945) |
|  |  |  |  |  |  |  |  |  |  |  |  |
| (Loss) income before income taxes |  | **(2,566)** |  |  | 792 |  |  | **(1,214)** |  |  | (940) |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Income tax expense |  | — |  |  | (2) |  |  | **(184)** |  |  | (30) |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Net (loss) income | **$** | **(2,566)**  |  | $ | 790 |  | **$** | **(1,398)** |  | $ | (970) |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Net (loss) income per share-basic: | **$** | **(0.15)** |  | $ | 0.06 |  | **$** | **(0.10)** |  | $ | (0.08) |
| Net (loss) income per share-diluted: | **$** | **(0.15)** |  | $ | 0.06 |  | **$** | **(0.10)** |  | $ | (0.08) |
| Weighted average shares outstanding-basic  |  | **16,795,356** |  |  | 12,505,096 |  |  | **14,307,847** |  |  | 12,518,587 |
| Weighted average shares outstanding-diluted |  | **16,795,356** |  |  | 12,517,493 |  |  | **14,307,847** |  |  | 12,518,587 |

*See notes to condensed consolidated financial statements.*

\* The amounts as of September 30, 2020, and the amounts prior to July 1, 2021, have been adjusted to reflect the change in inventory accounting method.