



# BK TECHNOLOGIES

## SECOND QUARTER 2023 EARNINGS RESULTS

August 10, 2023

NYSE American: BKT1







# DISCLOSURES

## Forward-Looking Statements

This presentation 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, including, but not limited to the Company’s long-term strategic plan, 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 land mobile radio product line and SaaS business segment; disruption in the global supply chain creating delays, unavailability and adverse conditions; successful introduction of new products and technologies, including our ability to successfully develop and sell our new multiband product and other related products in the BKR Series product line and the Company’s SaaS solutions; competition in the land mobile radio industry; general economic and business conditions, including higher inflation and its impacts, federal, state and local government budget deficits and spending limitations, any impact from a prolonged shutdown of the U.S. Government, the effects of natural disasters, changes in climate, severe weather events, geopolitical events, acts of war or terrorism, global health epidemics or pandemics (such as the COVID-19 pandemic) and catastrophic events, as well as the broader impacts to financial markets and the global macroeconomic and geopolitical environments; the availability, terms and deployment of capital; reliance on contract manufacturers and suppliers; risks associated with fixed-price contracts; heavy reliance on sales to agencies of the U.S. Government and our ability to comply with the requirements of contracts, laws and regulations related to such sales; allocations by government agencies among multiple approved suppliers under existing agreements; our ability to comply with U.S. tax laws and utilize deferred tax assets; our ability to attract and retain executive officers, skilled workers and key personnel; our ability to manage our growth; our ability to identify potential candidates for, and to consummate, acquisition, disposition or investment transactions, and risks incumbent to being a noncontrolling interest stockholder in a corporation; impact of natural disasters, changes in climate, severe weather events, geopolitical events, acts of war or terrorism, global health epidemics or pandemics (such as the COVID-19 pandemic) and catastrophic events on the companies in which the Company holds investments; impact of our capital allocation strategy; risks related to maintaining our brand and reputation; impact of government regulation; impact of rising health care costs; our business with manufacturers located in other countries, including changes in the U.S. Government and foreign governments’ trade and tariff policies; our inventory and debt levels; protection of our intellectual property rights; fluctuation in our operating results and stock price; any infringement claims; data security breaches, cyber-attacks and other factors impacting our technology systems; availability of adequate insurance coverage; maintenance of our NYSE American listing; risks related to being a holding company; 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, 2022, 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 statement.



# SECOND QUARTER HIGHLIGHTS

## IMPROVED SHIPMENT VOLUMES DRIVE REVENUE GROWTH

- 8,938 radios shipped in Q2
- 57% increase in revenue compared to Q2 2022
- At June 30, 2023 backlog was \$24.0 million

## LAUNCHED BKR 9000 MULTIBAND RADIO

- Received FCC certification and P25 Compliance Assessment Program (CAP) approval
- Commenced shipments
- Field tests completed or in progress on over 11 major P25 trunked systems include several statewide P25 systems.

## MAINTAIN FULL RADIO SHIPMENT TARGET

- Strong customer demand combined with continued elevated production rate
- Maintain stated radio shipment target of 32,000 to 36,000



# STRONG CUSTOMER DEMAND

## ORDERS RECEIVED IN 2Q23 INCLUDE:

- Two USDA Forest Service purchase orders for 2,438 BKR 5000 radios and 2,700 BKR 5000 radios, respectively
- \$924,000 purchase order for BKR 5000 from Washington State Department of Natural Resources

## DELIVERIES COMPLETED IN 2Q23 INCLUDE:

- First shipment of BKR 9000 multiband radio to U.S. Army

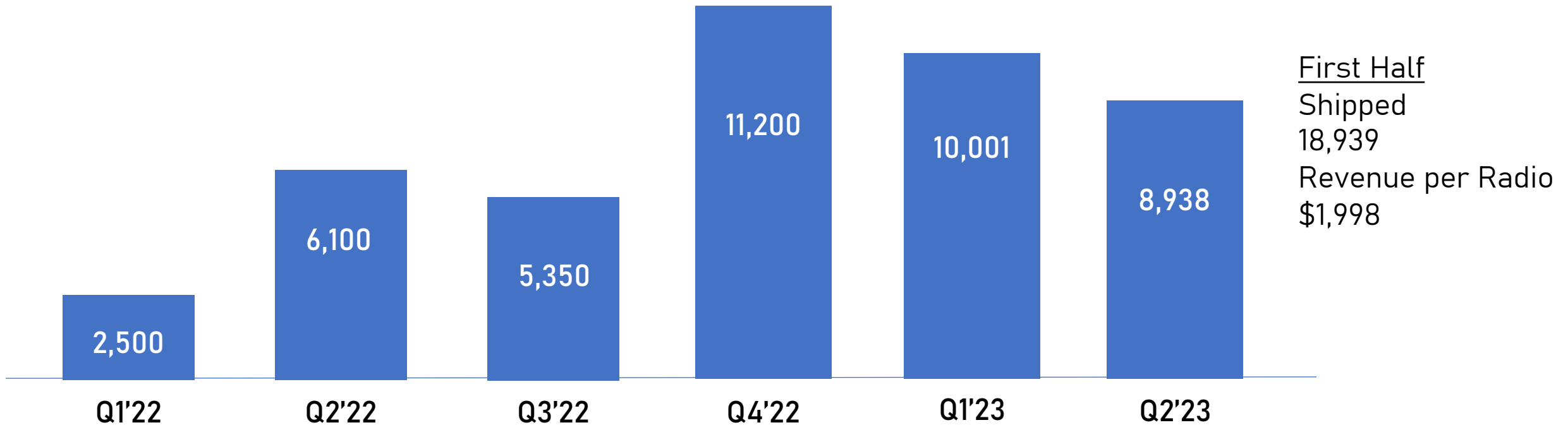
## BACKLOG INCREASED QUARTER OVER QUARTER

- \$24.0 million in 2Q23 compared to \$22.9 million in 1Q23



# RADIO SHIPMENTS EXPECTED TO INCREASE IN 2H23

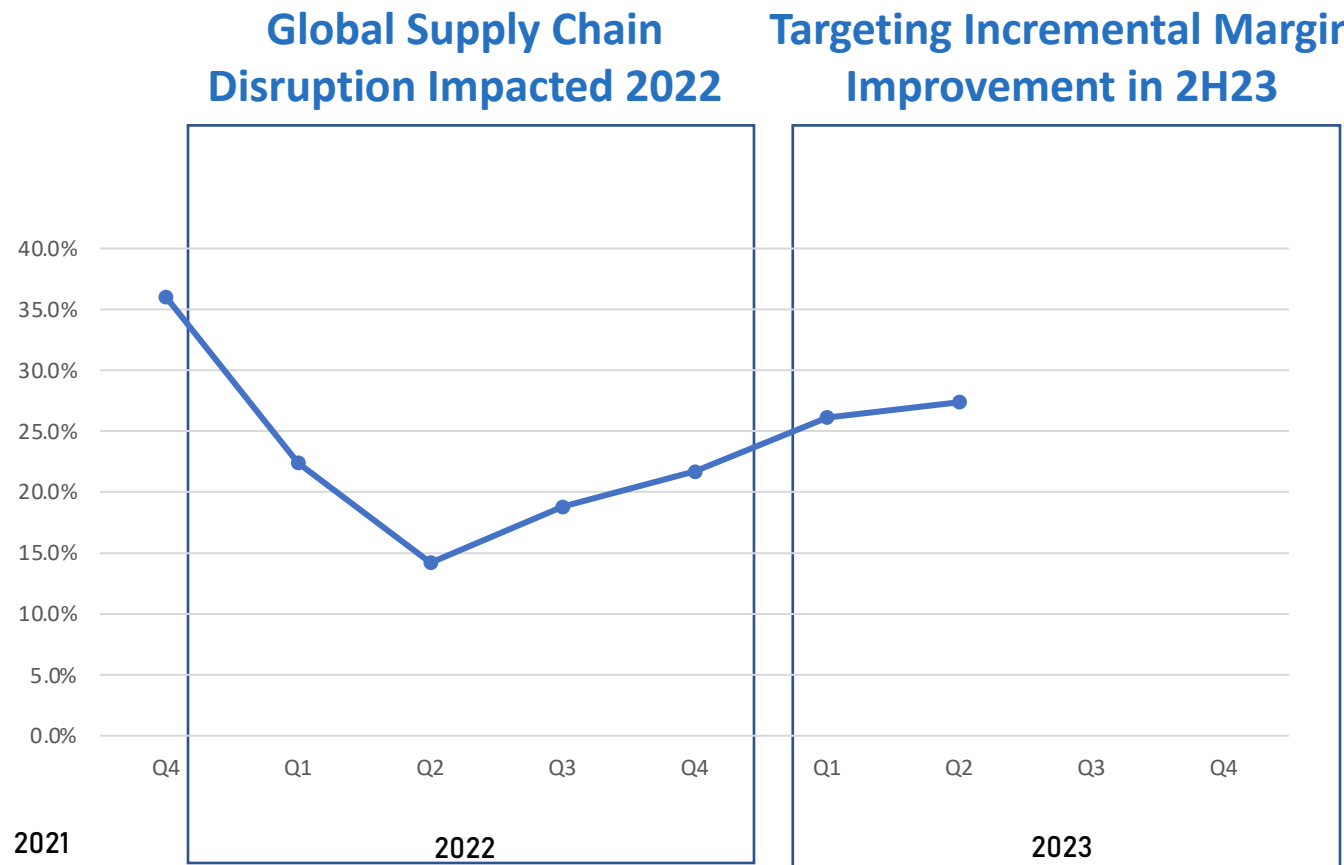
## RADIO UNITS SHIPPED QUARTERLY



Shipped 8,938 Radios in Q2 With Improved Gross Margins Compared to 2Q22



# GROSS MARGIN PERFORMANCE IS IMPROVING



**Positioned for Sustained Gross Margin Improvement**



# BKR 9000 LAUNCHED

- Received FCC Certification
- P25 CAP Approval
- Commenced Shipments; 1<sup>st</sup> Shipment to U.S. Army in June



The BKR 9000 Team – July 2023



# FINANCIAL RESULTS

<i>(in thousands)</i>	<b>2Q'23</b>	<b>2Q'22</b>	<b>6 months ended 6/30/23</b>	<b>6 months ended 6/30/22</b>
Sales	\$18,996	\$12,111	\$37,717	\$18,696
Gross Margin	27.4%	14.2%	27%	17%
SG&A	\$5,988	\$5,405	\$11,869	\$10,321
Operating (loss)	\$(784)	\$(3,680)	\$(1,771)	\$(7,124)
Net income (loss)	\$(1,340)	\$(4,334)	\$(2,610)	\$(8,270)

<i>(in thousands)</i>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Cash & Cash Equivalents	\$2,688	\$1,918
Working Capital	\$12,366	\$13,247
Long-term debt	\$24	\$329

- Revenue increased 57% to \$19.0 million driven primarily by significantly increased radio shipments compared to 2Q22 as new and existing customers seek upgraded public safety communications technology
- Net loss improved to \$1.3 million primarily related to increased revenue driven by strong radio shipments in the second quarter compared to 2Q22
- \$2.7 million in cash and cash equivalents at June 30, 2023; working capital of \$12.4 million; only \$24,000 in long-term debt





# 2023 STRATEGIC FOCUS

## 1. Level Load Production

- Production capacity of 10,000 radios per quarter, 40,000 for full year 2023
- Targeting production of 8,000 to 10,000 radios per quarter
- Anticipated shipments of 32,000 to 36,000 radios for full year 2023

## 2. Targeting Incremental Gross Margin Improvement in 2H23

- Production efficiency was slightly constrained in Q2, action items initiated to improve in Q3.
- Cost reduction programs expected to have greater impact in Q3

## 3. Establishing beachheads in the Federal, State and Local public safety markets for BKR 9000 and InteropONE



# THE FUTURE OF BK TECHNOLOGIES: TARGETING \$100M IN REVENUES BY 2025



- **Create a leader in the public safety industry** specializing in personal communications devices that maximize safety and efficiency for first responders
- **BKR 5000** continues to gain traction in the market; **BKR 9000** positioned to significantly expand LMR verticals
- **LMR/LTE opportunity is broad and expanding**; new SaaS business unit developing innovative services to capture LTE market share and drive additional BKR radio sales
  - Launch of InteropONE enhances ability to address new public safety verticals



# Q&A

