



## Third Quarter 2024 Earnings Results

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Thursday, November 14th, 2024

NYSE American: BKT



This press release contains statements about future events and expectations which are "forward-looking statements" within the meaning of Sections 27A of the Securities Act of 1933, as amended, and 21E of the Exchange Act.. 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 SaaS and Radio business lines and the products offered thereunder successful introduction of new products and technologies, including our ability to successfully develop and sell our anticipated SaaS products, and our new multiband radio product and other related products in the planned new BKR Series product line ; 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; the availability, terms and deployment of capital; impact of geopolitical instability, including as a result of the military conflicts between Russia and Ukraine, and in the Middle East; the duration and impact of the COVID-19 pandemic; 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 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; acts of war or terrorism, natural disasters and other catastrophic events; 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, 2023, 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.

# Third Quarter 2024 Highlights

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## Strong Operational Performance Driving Consistent Profitability

- **Fifth consecutive quarter of improving profitability;** 3Q24 EPS of \$0.63
- **Backlog of \$27M** in 3Q24 supported by **strong order activity for BKR 5000 and BKR 9000** radios
- **Incrementally improving gross margin to 38.8% in 3Q24** driven by cost reduction initiatives and shifting product mix

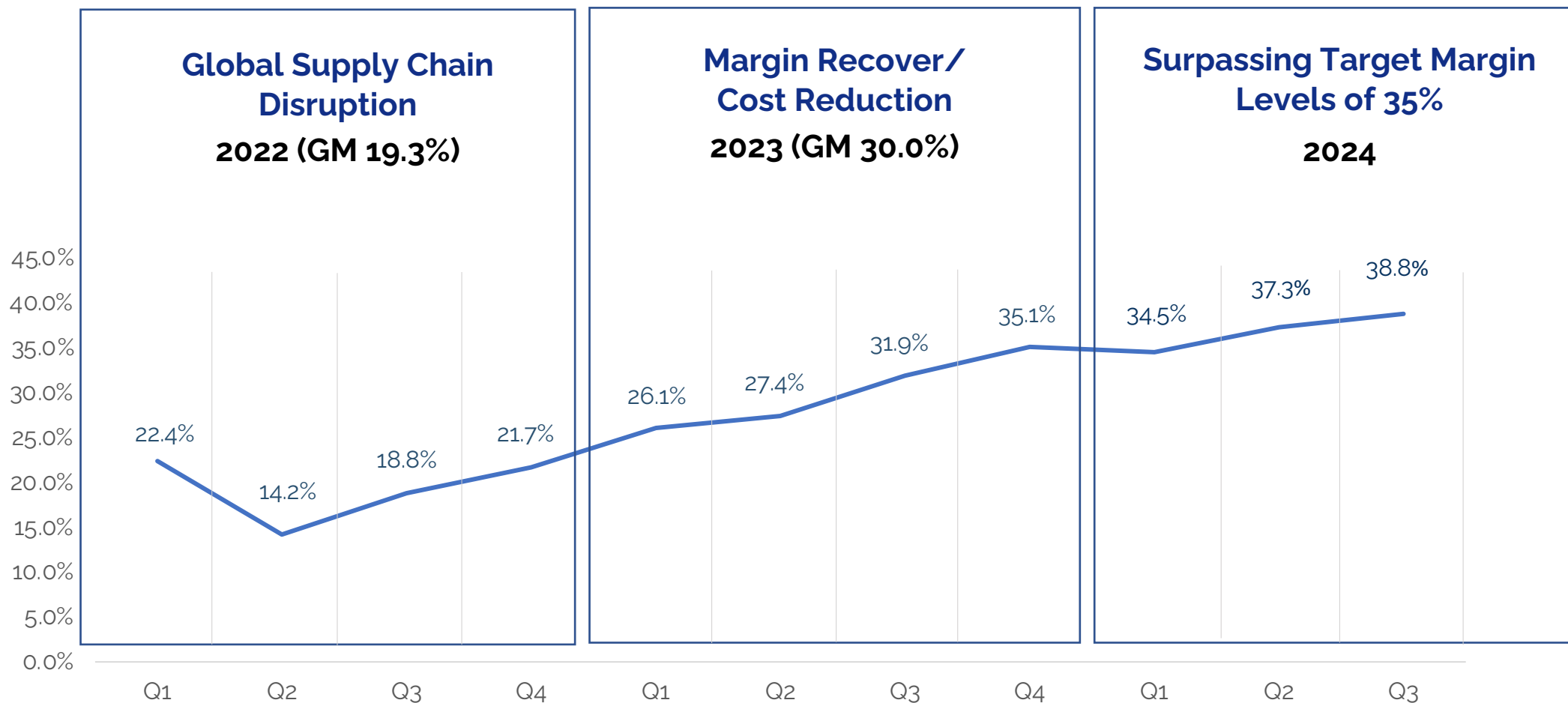
## Completed Manufacturing Transition Project to East West Manufacturing

- **Transferred key BKR9000 Sub-assemblies;** East West expanded SMT line to accommodate the BKR9000 main electronic board assembly
- **East West manufactured products contributed to the majority of the Q3 revenue.**

## Strong Order Activity for BKR 9000 and BKR 5000 Radios Supporting Growth

- **Receiving strong order activity** for the BKR 9000 and the BKR 5000 **from new and existing customers**
- **\$3.3M order from Florida Forest Service** for BKR 9000 represents **customer loyalty and effectiveness of the BKR 9000**
- **State and local agencies continue to select BKR 9000 radio for use in their operations**

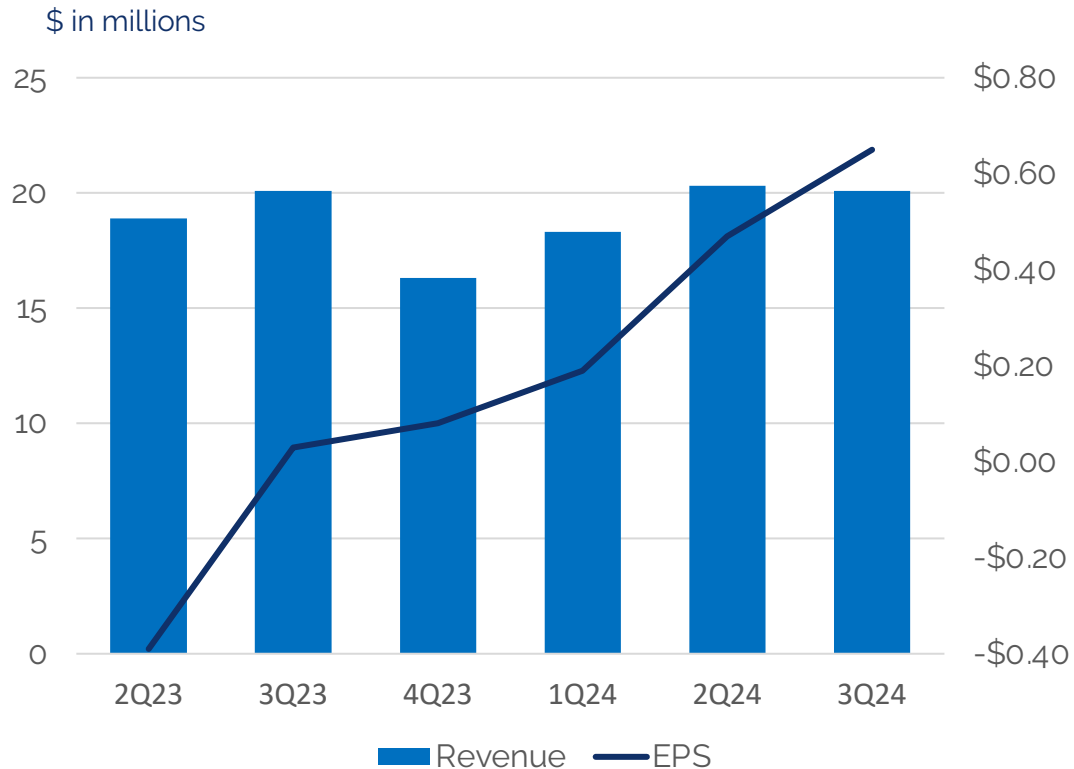
# Improving Gross Margin





# Cost Reduction Initiatives and Shifting Product Mix Driving Enhanced Revenue and Profitability

## Quarterly Revenue and Earnings Per Share



## Revising Financial Targets

- Raising FY '24 GAAP EPS target to exceed **\$1.65 per share**
- Raising FY' 24 non-GAAP adjusted EPS target to **\$1.92 per share**
- 3Q24 revenue of **\$20.2 million is consistent with fiscal 2023 levels**
- **Net income of \$2.4 million and EPS of \$0.63 substantially increased** compared to **net income of \$90,000 in 3Q23**
- **Five consecutive quarters of improving profitability**

# Strong Order Activity for the BKR 9000 in 3Q24

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## BKR 9000 orders received in 3Q24 include:

- Florida Forest Service
- Missouri Department of Natural Resources – Fire
- Minnesota Department of Natural Resources – Fire
- Gallatin County Sheriff Dept. (MT) – Tier 3 County

**3Q24 backlog of \$27 million supported by BKR 9000 and BKR 5000 adoption among new and existing BK customers**

**Anticipate the majority of backlog will be delivered over next two quarters**





# East West Manufacturing Transition is Complete

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- Final phase of transition completed in 3Q24
- Retained small core production team for BKR 9000 final assembly and test and to support production of low volume specialty products
- New streamlined “build to order” BKR 9000 final assembly process can produce up to 20,000 radios per year.



# Strong Financial Results

Income Statement	Three Months Ended		Nine Months Ended	
(in thousands)	9/30/24	9/30/23	9/30/24	9/30/23
Sales	\$20,179	\$20,069	\$58,664	\$57,786
Gross Margin	38.8%	37.3%	35.9%	26.8%
SG&A	\$5,225	\$5,812	\$16,052	\$17,681
Operating Income (loss)	\$2,611	\$594	\$5,619	\$(1,177)
Net Income (loss)	\$2,357	\$90	\$4,702	\$(2,520)
EPS – diluted	\$0.63	\$0.03	\$1.30	\$(0.74)
Adjusted EBITDA <sup>1</sup>	\$3,109	\$662	\$6,949	\$(821)
Adjusted EPS – diluted <sup>2</sup>	\$0.71	\$0.32	\$1.56	\$(0.21)

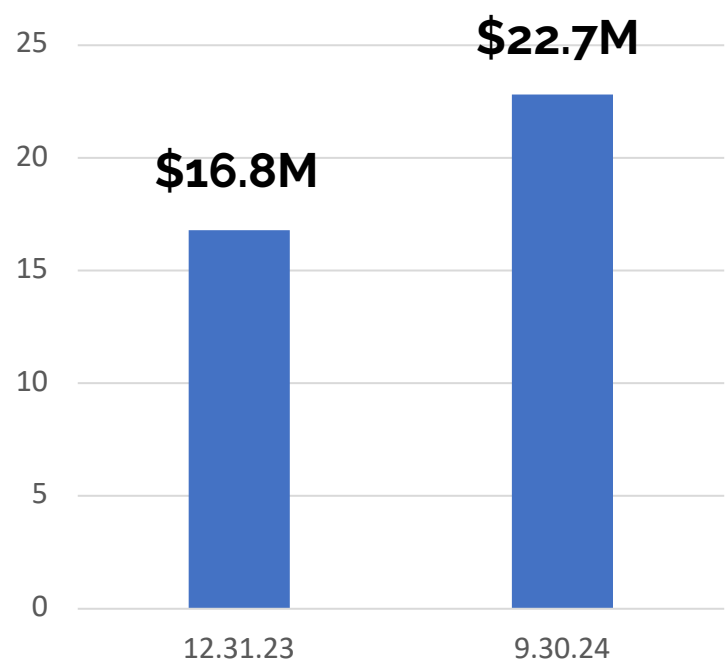
<sup>1</sup> Adjusted EBITDA is a non-GAAP financial measure management uses in evaluating the company's core operating performance and is defined as EBITDA excluding the impact from interest expense, income tax provision (benefit), depreciation and amortization, severance, and inventory write-off – new product introduction. A reconciliation of non-GAAP metrics is available in the appendix of this presentation.

<sup>2</sup> Adjusted EPS is a non-GAAP financial measure that adjusts GAAP EPS to reflect the removal of non-cash charges for stock-based compensation and changes in investment value that do not reflect the operating performance of the LMR and SaaS businesses. Adjusted EPS also reflects the removal of one-time charges related to the Company's transition of production operations to East West Manufacturing LLC. A reconciliation of non-GAAP metrics is available in the appendix of this presentation.

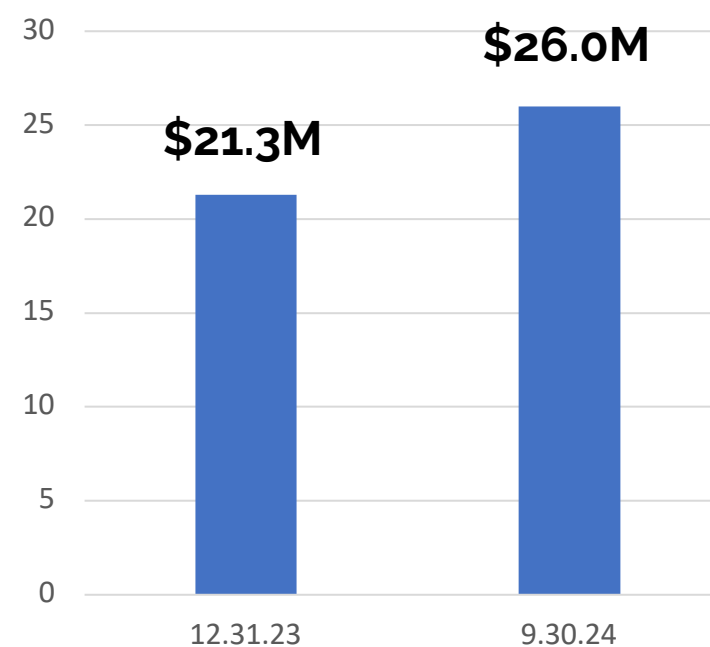
# Strengthened Balance Sheet Driven By Enhanced Operational Performance

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## Working Capital



## Shareholders' Equity



**Enhanced cash position, increased working capital and no long-term debt** positions  
BK with the **financial flexibility to execute on its growth strategy**



# Raising Full Year 2024 Financial Targets

- Revenue consistent with full year 2023 as gross margins improve related to cost reduction initiatives and shifting product mix
- **Raising FY '24 GAAP EPS target to exceed \$1.65 per share from \$1.50**
- **Raising FY' 24 non-GAAP adjusted EPS target to \$1.92 per share from \$1.77**







**Q&A**



# Appendix



# Reconciliation of Non-GAAP Metrics

	Three Months Ended		Nine Months Ended	
Non-GAAP Adjusted EBITDA (in thousands)	9/30/24	9/30/23	9/30/24	9/30/23
Net Income/(Loss)	\$2,357	\$90	\$4,702	\$(2,520)
Adjustments to reconcile net income/(loss) to EBITDA				
Interest expense, net	1	131	281	429
Income tax provision (benefit)	247	-	488	-
Depreciation and amortization	429	441	1,251	1,218
<b>EBITDA</b>	<b>3,034</b>	<b>662</b>	<b>6,722</b>	<b>(873)</b>
Severance	75	-	227	52
Inventory write-off – New product introduction	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$3,109</b>	<b>\$662</b>	<b>\$6,949</b>	<b>\$(821)</b>
<b>Adjustments to reconcile net income (loss) to Adjusted EPS (non-GAAP)</b>				
Net Income/(Loss)	\$2,357	\$90	\$4,702	\$(2,520)
Net realized and unrealized (gain) loss on investments	-	342	91	831
Stock-based compensation expense	224	685	625	936
Severance	75	-	227	52
Inventory write-off – New product introduction	-	-	-	-
Adjusted Earnings (Loss) (Non-GAAP)	\$2,656	1,118	\$5,645	\$(701)
Adjusted earnings (loss) per share – basic	\$0.75	\$0.33	\$1.60	\$(0.21)
Adjusted earnings (loss) per share – diluted	\$0.71	\$0.32	\$1.56	\$(0.21)
Weighted average common shares outstanding, basic	3,539,841	3,411,813	3,536,100	3,404,395
Weighted average common shares outstanding, diluted	3,751,073	3,445,022	3,623,241	3,404,395



