2021 ANNUAL REPORT

BKRplay

Fellow Shareholders,

2021 was a year of considerable growth and progress for BK Technologies, highlighted by increased demand and order activity for our products as both new and existing customers upgrade their radio fleets.

During fiscal year 2021, we achieved record bookings of $55.5 million and a backlog of $13 million, driven primarily by sales of our BKR 5000 radio which has gained excellent traction in the marketplace since its release in 2020. The market's rapid adoption of the BKR 5000, our robust backlog, and our record bookings are all direct reflections of the durability and reliability of our products, our responsive customer service, our sales team, and the trust our customers have in BK in providing high quality, American-designed-manufactured, and serviced public safety radio communication equipment.

In addition to the above-mentioned success with our existing line of products, we've also made significant progress in the development of our new multiband radio, the BKR 9000. As I've mentioned before, I'm pleased to report that the challenges which initially slowed our progress in getting the 9000 to market have been addressed, and we have begun deploying BKR 9000 radios in the field for test purposes. Pending results of these field tests, we'll be in a much better position to finalize a launch date.

I joined BK Technologies last July with the vision of expanding the Company beyond the traditional Land Mobile Radio (LMR) market and positioning us as a leader in the broader public safety LMR/LTE communications market. In March, we took a significant step towards accomplishing that goal with the launch of our new dedicated business unit focused on delivering software-as-a-service (SaaS) solutions to the public safety market. We've already filed for three patents related to these new services, and we're currently developing a BK branded smartphone application, "BKRplay", that will tether a first responder's BKR series radio to his or her smartphone, delivering an entirely new set a of services to increase first responder safety and productivity. With these offerings, we have a significant opportunity to increase our sales reach beyond wildland fire to penetrate markets including the military, urban structure fire, law enforcement, and emergency response, to name a few.

I'm confident that BK Technologies is poised for growth in 2022. We have a reliable and well received line of existing products that we work continuously to improve and expand, and we are ready to capitalize on the numerous opportunities emerging for tethering LMR devices and public safety smartphone applications on the public LTE cellular networks. I'm energized by our progress and look forward to driving the continued success of our Company in 2022 and beyond.

Thank you for your continued support and belief in BK Technologies.

Sincerely,

John Suzuki

Board Director, Chief Executive Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
Amendment No. 1

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

For the fiscal year ended December 31, 2021

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: 001-32644

BK TECHNOLOGIES CORPORATION

(Exact name of registrant as specified in its charter)

Nevada	**83-4064262**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

7100 Technology Drive
West Melbourne, Florida 32904
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (321) 984-1414

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, par value $.60	**BKTI**	**NYSE American**

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 Section 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. ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on June 30, 2021, based on the closing price of such stock on the NYSE American on such date, was $37,396,120. As of April 29, 2022, 16,864,599 shares of the registrant's Common Stock were outstanding.

Documents Incorporated by Reference: None.

TABLE OF CONTENTS

Explanatory Paragraph

On March 17, 2022, BK Technologies Corporation (the "Company") filed, with the Securities and Exchange Commission (the "SEC"), its Annual Report on Form 10-K for the year ended December 31, 2021 (the "Report" or "Form 10-K"). This Amendment No. 1 (this "Amendment") corrects a typographical error in the numbering of the various items in Form 10-K and also updates Part III of the Report to contain certain additional information required therein.

Except for corrections to the item numbering, the changes to Part III and the filing of related certifications added to the list of Exhibits in Part IV, this Amendment makes no other changes to the Form 10-K. This Amendment does not amend, update, or change the financial statements or any other items or disclosures contained in the Report and does not otherwise reflect events occurring after the original filing date of the Report. Accordingly, this Form 10-K/A should be read in conjunction with the Company's filings with the SEC subsequent to the filing of the Report.

As described in Part I, Item 1 of the Report, on March 28, 2019, we implemented a holding company reorganization (the "Reorganization"). The Reorganization created a new holding company, BK Technologies Corporation, which became the new parent company of BK Technologies, Inc. BK Technologies Corporation's only significant assets are the outstanding equity interests in BK Technologies, Inc. and any other future subsidiaries of BK Technologies Corporation. The Reorganization was intended to create a more efficient corporate structure and increase operational flexibility.

For the purpose of this Amendment, references to "BK Technologies," the "Company," "we," "us," or our management or business at any period prior to the Reorganization (March 28, 2019) refer to those of BK Technologies, Inc. as the predecessor company and its subsidiaries, and thereafter to those of BK Technologies Corporation and its subsidiaries, except as otherwise specified or to the extent the context otherwise indicates.

PART I

Item 1. Business

General

BK Technologies Corporation (NYSE American: BKTI) (together with its wholly owned subsidiaries, "BK," the "Company," "we" or "us") is a holding company that, through BK Technologies, Inc., its operating subsidiary, provides two-way radio communications equipment of high quality and reliability. All operating activities described herein are undertaken by our operating subsidiary.

In business for over 70 years, BK designs, manufactures and markets American-made wireless communications products consisting of two-way land mobile radios ("LMRs"), repeaters, base stations and related components and subsystems. Two-way LMRs can be units that are hand-held (portable) or installed in vehicles (mobile). Repeaters expand the range of two-way LMRs, enabling them to operate over a wider area. Base station components and subsystems are installed at radio transmitter sites to improve performance by enhancing the signal and reducing or eliminating signal interference and enabling the use of one antenna for both transmission and reception. We employ both analog and digital technologies in our products.

Our digital technology is compliant with the Project 25 standard ("P-25") for digital LMR equipment. The P-25 has been adopted by representatives from the Association of Public-Safety Communications Officials-International ("APCO"), the National Association of State Technology Directors ("NASTD"), the United States ("U.S.") Federal Government and other public safety user organizations. Our P-25 digital products and our analog products function in the very high frequency ("VHF") (136MHz - 174MHz), ultra-high frequency ("UHF") (380MHz - 470MHz, 450MHz - 520MHz), and 700-800 MHz bands. Our P-25 KNG and KNG2 Series mobile and portable digital radios have been validated under the P-25 Compliance Assessment Program ("CAP") as being P-25 compliant and interoperable with the communications network infrastructure of six of our competitors. Since we do not provide our own communications network infrastructure, we believe CAP validation provides confidence for federal, state and local emergency response agencies that our products are a viable and attractive alternative for use on the infrastructure of our competitors.

We offer products under the brand name BK Technologies. Generally, BK Technologies-branded products serve the government and public safety markets.

BK Technologies, BKR and BK Radio-branded products consist of high-specification, P-25 compliant, LMR equipment with extensive features and capabilities designed for professional radio users primarily in government, public safety and military applications.

We believe that our products and solutions provide superior value to a wide array of customers with demanding requirements, including, for example, emergency response, public safety, homeland security and military customers of federal, state and municipal government agencies, as well as various commercial enterprises. Our two-way radio products excel in applications with harsh and hazardous conditions. They provide high-specification performance, durability and reliability at a lower cost relative to comparable offerings.

We were incorporated under the laws of the State of Nevada on October 24, 1997. We are the resulting corporation from the reincorporation merger of our predecessor, Adage, Inc., a Pennsylvania corporation, which reincorporated from Pennsylvania to Nevada effective as of January 30, 1998. Effective on June 4, 2018, we changed our corporate name from "RELM Wireless Corporation" to "BK Technologies, Inc."

On March 28, 2019, we implemented a holding company reorganization. The reorganization created a new holding company, BK Technologies Corporation, which became the new parent company of BK Technologies, Inc. BK Technologies Corporation's only significant assets are the outstanding equity interests in BK Technologies, Inc. and any other future subsidiaries of BK Technologies Corporation. The holding company reorganization was intended to create a more efficient corporate structure and increase operational flexibility.

For the purpose of this report, references to "we" or the "Company" or our management or business at any period prior to the holding company reorganization (March 28, 2019) refer to those of BK Technologies, Inc. as the predecessor company and its subsidiaries and thereafter to those of BK Technologies Corporation and its subsidiaries, except as otherwise specified or to the extent the context otherwise indicates.

Our principal executive offices are located at 7100 Technology Drive, West Melbourne, Florida 32904 and our telephone number is (321) 984-1414.

Available Information

Our Internet website address is www.bktechnologies.com. We make available on our Internet website, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to these reports as soon as practicable after we file such material with, or furnish it to, the U.S. Securities and Exchange Commission (the "SEC"). In addition, our Code of Business Conduct and Ethics, Code of Ethics for the CEO and Senior Financial Officers, Audit Committee Charter, Compensation Committee Charter, Nominating and Governance Committee Charter and other corporate governance policies are available on our website, under "Investor Relations." The information contained on our website is not incorporated by reference in this report. A copy of any of these materials may be obtained, free of charge, upon request from our investor relations department. All reports that the Company files with or furnishes to the SEC also are available free of charge via the SEC's website at http://www.sec.gov.

Significant Events

During 2021, pursuant to our capital return program, we declared and paid four quarterly dividends. The dividend declared in December 2021 was $0.03 per share, while the dividends declared in March, July and September 2021 were $0.02 per share. We have paid twenty-three consecutive quarterly dividends.

On December 17, 2021, a share repurchase program was authorized under which we may repurchase up to an aggregate of $5 million of its common shares. Share repurchases under this program were authorized to begin immediately. The program does not have an expiration date. Any repurchases would be funded using cash on hand and cash from operations. The actual timing, manner and number of shares repurchased under the program will be determined by management and the Board of Directors at their discretion, and will depend on several factors, including the market price of our common shares, general market and economic conditions, alternative investment opportunities, and other business considerations in accordance with applicable securities laws and exchange rules. The authorization of the share repurchase program does not require BK Technologies to acquire any particular number of shares and repurchases may be suspended or terminated at any time at our discretion.

On June 9, 2021, we closed a public offering of 4,249,250 shares of our common stock at a price of $3.00 per share, for net proceeds of $11,559,000 after deducting underwriting discounts, commissions and offering expenses. The shares sold in the offering included the exercise in full by the underwriters of their over-allotment option to purchase up to 554,250 shares of common stock in addition to the 3,695,000 shares which the underwriters initially agreed to purchase. ThinkEquity, a division of Fordham Financial Management, Inc., acted as sole book-running manager for the offering. The net proceeds from the offering have been and will be primarily for general corporate purposes, which may include working capital, capital expenditures, operational purposes, strategic investments and potential acquisitions in complementary businesses.

Industry Overview

LMR communications consist of hand-held (portable) and vehicle-mounted (mobile) two-way radios commonly used by the public safety sector (e.g., police, fire, and emergency responders), military and commercial business concerns (e.g., corporate disaster recovery, hotels, airports, farms, transportation service providers, and construction firms), and government agencies within the U.S. and abroad. LMR systems are constructed to meet an organization's specific communications needs. The cost of a complete system can vary widely, depending on the size and configuration. Likewise, the cost of radio sets can range from under $100 for a basic analog portable, to thousands of dollars for a fully featured P-25 digital unit. Typically, there are no recurring airtime usage charges. Accordingly, LMR usage patterns are considerably different from those for cellular and other wireless communications tools. LMR usage often consists of direct radio-to-radio communications outside of the range of a communication network with one-to-many members of a group. Also, LMR functions with push-to-talk operation (i.e., no call set-up or dialing a phone number is required). LMR communications often consist of multiple short (five second) transmissions between multiple members of a group. For the public safety sector, this is known as Mission Critical Voice. The average useful life of a unit can vary, depending upon the application in which the unit is deployed and its handling.

LMR systems are the most widely-used and longest-used form of wireless dispatch communications in the U.S., having been first placed in service in 1921. LMR was initially used almost exclusively by law enforcement, and all radio communications were transmitted in an analog format. Analog transmissions typically consist of a voice or other signal modulated directly onto a continuous radio carrier wave. Over time, advances in technology decreased the cost of LMR products and increased their popularity and usage by businesses and other agencies. Responding to the growing usage, additional radio frequency spectrum was allocated by the Federal Communications Commission ("FCC") for LMR use.

More recently, growth of the LMR industry has been limited by several factors such as the maturity of markets, funding and budgets for government and public safety agencies, and limited availability of radio frequency spectrum, which hinders existing users in expanding their systems and potential new users from establishing new systems.

Years ago, as a result of the limited spectrum availability, the FCC mandated that new LMR equipment utilize technology that is more spectrum-efficient. This effectively meant that the industry had to migrate to digital technology. Responding to the mandate, the APCO, the NASTD, the U.S. Federal Government and the Telecommunications Industry Association ("TIA"), in concert with several LMR manufacturers, including BK, recommended a standard for digital LMR devices that would meet the FCC spectrum-efficiency requirements and provide solutions to several problems experienced primarily by public safety users. The standard is called P-25. The primary objectives of P-25 are to: (i) allow effective and reliable communication among users of compliant equipment, regardless of its manufacturer, known as interoperability, (ii) maximize radio spectrum efficiency and (iii) promote competition among LMR providers through an open system architecture.

Although the FCC does not require public safety agencies or any radio users to purchase P-25 equipment or otherwise adopt the standard, compliance with the standard is a primary consideration for government and public safety purchasers. In addition, U.S. Federal Government grant programs that provide assistance in funding for state and local agencies to purchase interoperable communications equipment for first responders strongly encourage and often require compliance with the P-25 standard. Accordingly, although funding for LMR purchases by many government agencies is limited, we believe that, as users upgrade and replace equipment, demand for P-25 LMR equipment will continue to grow. Additionally, the P-25 standard has also been widely adopted in other countries. The migration to P-25 equipment is primarily limited to government and public safety agencies. Radio users in the business and industrial market utilize alternative digital technologies (e.g., Digital Mobile Radio) and analog LMR products.

Presently, the market is dominated by one supplier, Motorola Solutions, Inc., which offers a broader range of products than we do, including multiband radios. However, the open architecture of the P-25 standard is designed to eliminate the ability of one or more suppliers to lock out competitors. Formerly, because of proprietary characteristics incorporated in many LMR systems, a customer was effectively precluded from purchasing additional LMR products from a supplier other than the initial supplier of the system. Additionally, the system infrastructure technology was prohibitive for smaller suppliers to develop and implement. P-25 provides an environment in which users will increasingly have a wider selection of LMR suppliers, including smaller suppliers such as BK.

Description of Products and P-25 CAP Compliance

We design, manufacture, and market wireless communications equipment consisting of two-way LMRs, repeaters, base stations and related components and subsystems. We do not provide complete, integrated, communications systems and infrastructure. Two-way LMRs can be units that are hand-held (portable) or installed in vehicles (mobile). Repeaters expand the range of two-way LMRs, enabling them to communicate over a wider area. Base station components and subsystems are installed at radio transmitter sites to improve performance by enhancing the signal, reducing or eliminating signal interference and enabling the use of one antenna for both transmission and reception.

We employ both analog and digital technologies in our products. Our digital products are compliant with P-25 specifications. Our P-25 digital products and our analog products function in the VHF (136MHz - 174MHz), UHF (380MHz - 470MHz, 450MHz - 520MHz), and 700-800 MHz bands.

Our P-25 KNG, KNG2 and BKR Series mobile and portable digital radios have been validated under the P-25 CAP as being P-25 compliant and interoperable with the communications network infrastructure of six of our competitors. Since we do not provide our own communications network infrastructure, we believe CAP validation provides confidence for federal, state and local emergency response agencies that our products are a viable and attractive alternative for use on the infrastructure of our competitors.

The P-25 CAP is a voluntary program that allows LMR equipment suppliers to formally demonstrate their products' compliance with P-25 requirements. The purpose of the program is to provide federal, state and local emergency response agencies with evidence that the communications equipment they are purchasing satisfies the P-25 standard for performance, conformance and interoperability. The program is a result of legislation passed by the U.S. Congress to improve communication interoperability for first responders and is a partnership of the U.S Department of Homeland Security ("DHS")'s Command, Control and Interoperability Division, the National Institute of Standards and Technology, radio equipment manufacturers and the emergency response community.

Description of Markets

Government and Public Safety Market

The government and public safety market includes military, fire, rescue, law enforcement, homeland security and emergency responder personnel, both domestic and international. In most instances, BK Radio-branded products serve this market and are sold either directly to end-users or through two-way communications dealers. Sales to government and public safety users represented substantially all of our sales for 2021 and 2020.

Government and public safety users currently use products that employ either P-25 digital or analog technology. However, public safety users in federal, state and local government agencies and certain other countries are migrating to digital P-25 products. The evolution of the standard and compliant digital products is explained in the preceding "Industry Overview" section.

Business and Industrial Market

This market includes enterprises of all sizes that require fast and affordable push-to-talk communication among a discrete group of users, such as corporate disaster recovery, hotels, construction firms, schools and transportation service providers. Users in this market continue to predominantly utilize analog products. We offer products to this market under the RELM brand name. Our sales in this market may be direct to end-users or to dealers and distributors who then resell the products. Our sales to this market represented approximately 3% of our total sales for 2021 and 8% for 2020.

Engineering, Research and Development

Our engineering and product development activities are conducted by a team of 31 employees. Their primary development focus has been the design of a new line of next-generation P-25 digital products, the BKR Series, which are in the process of supplanting our KNG and KNG2 products. The first product in this line was introduced in August 2020, with additional models planned. The first models in the KNG line were introduced in 2008 and are included on our primary federal contract vehicles. Subsequently, we added UHF and 700-800MHz products, as well as P-25 Phase II TDMA (Time Division Multiple Access) trunking. The KNG2 Series was introduced in 2016. Our KNG, KNG2, and BKR products also provide encrypted operation for secured communication, GPS location and network authentication capabilities.

A segment of our engineering team is responsible for product specifications based on customer requirements and participates in quality assurance activities. They also have primary responsibility for applied and production engineering.

For 2021 and 2020, our engineering and development expenses were approximately \$8.1 million and \$7.9 million, respectively. The increase was primarily attributed to engineering staff expenses, which are focused on new BKR product development initiatives.

Intellectual Property

We presently have no U.S. patents in force, however, we have 6 pending U.S. patent applications. We have registered federal trademarks related to the names “BK Technologies,” “BK Radio” and “Radios for Heroes” and have applied for registration of “BKR.” We rely on trade secret laws and employee and third-party nondisclosure agreements to protect our intellectual property rights.

Manufacturing and Raw Materials

Our manufacturing strategy is to utilize the highest quality and most cost-effective resources available for every aspect of our manufacturing. Consistent with that strategy, we have successfully utilized a hybrid of Florida-based internal manufacturing capability in concert with outside contract arrangements for different manufacturing processes. In recent years, the breadth of our internal manufacturing capabilities has been expanded. Our outside manufacturing contract arrangements have been managed and updated to meet our present requirements, including increasing relationships with American concerns. This hybrid approach has been instrumental in controlling our product costs, allowing us to be competitive and manage our product costs.

Contract manufacturers produce various subassemblies and products on our behalf. Generally, the contract manufacturers procure raw materials from BK-approved sources and complete manufacturing activities in accordance with our specifications. Manufacturing agreements and purchase orders govern the business relationship with the contract manufacturers. These agreements and purchase orders have various terms and conditions and may be renewed or modified upon agreement by both parties. Their scope may also be expanded to include new products in the future.

We plan to expand our internal manufacturing capabilities and U.S.-based relationships, combined with other American manufacturers and suppliers where it furthers our business objectives. This strategy allows us to effectively manage quality, product costs and lead-times while focusing other resources on our core technological competencies of product design and development. We believe that, in certain circumstances, the use of experienced, high-quality, high-volume manufacturers can provide greater manufacturing specialization and expertise, higher levels of flexibility and responsiveness, and faster delivery of product, all of which contribute toward product cost control. To ensure that products manufactured by others meet our quality standards, our production and engineering team works closely with our contract manufacturers in all key aspects of the production process. We establish product specifications, select the components and, in some cases, the suppliers. We retain all document control. We also work with our contract manufacturers to improve process control and product design and conduct periodic on-site inspections.

We rely upon a limited number of both American and foreign suppliers for several key products and components. Approximately 31% of our material, subassembly and product procurements in 2021 were sourced from seven suppliers. We place purchase orders from time to time with these suppliers and have no guaranteed supply arrangements. In addition, certain components are obtained from single sources. During 2021 and 2020, our operations were not materially impaired due to delays from single-source suppliers. However, the absence of a single-source component could potentially delay the manufacture of finished products. We manage the risk of such delays by securing secondary sources, where possible, and redesigning products in response to component shortages or obsolescence. We strive to maintain strong relationships with all of our suppliers. We anticipate that the current relationships, or others that are comparable, will be available to us in the future.

Seasonal Impact

We may experience fluctuations in our quarterly results, in part, due to governmental customer spending patterns that are influenced by government fiscal year budgets and appropriations. We may also experience fluctuations in our quarterly results, derived, in part, from sales to federal and state agencies that participate in wildland fire-suppression efforts, which may be greater during the summer season when forest fire activity is heightened. In some years, these factors may cause an increase in sales for the second and third quarters, compared with the first and fourth quarters of the same fiscal year. Such increases in sales may cause quarterly variances in our cash flow from operations and overall financial results.

Significant Customers

Sales to the U.S. Government represented approximately 36% and 51% of our total sales for the years ended December 31, 2021 and 2020, respectively. These sales were primarily to various government agencies, including those within the DHS, the U.S. Department of Defense ("DOD"), the USFS and the U.S. Department of Interior ("DoI").

Backlog

Our backlog of unshipped customer orders was approximately $13.1 million and $5.9 million as of December 31, 2021 and 2020, respectively. Changes in the backlog are attributed primarily to the timing of orders and their fulfillment, which can be impacted by factors related to our supply chain.

Competition

We compete with other domestic and foreign companies primarily in the North American market, but also internationally. One dominant competitor, Motorola Solutions, Inc., is estimated to have well in excess of half the market for LMR products. We compete by capitalizing on our advantages and strengths, which include price, product quality and customer responsiveness.

Governmental Regulation

We are subject to various international and U.S. federal, state and local laws affecting our business. Any finding that we have been or are in noncompliance with such laws could result in, among other things, governmental penalties. Further, changes in existing laws or new laws may adversely affect our business and could also have the effect of limiting capital expenditures by our customers, which could have a material adverse effect on our business, financial condition and results of operations.

In connection with our U.S. Government contracts, we are subject to the U.S. Federal Government procurement regulations that may provide the buyer with the right to audit and review our performance, as well as our compliance with applicable laws and regulations. In addition, our business is subject to government regulation based on the products we sell that may be subject to government requirements, such as obtaining an export license or end-user certificate from the buyer, in certain circumstances. If a government audit uncovers improper or illegal activities, or if we are alleged to have violated any laws or regulations governing the products we sell under our government contracts, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or debarment from doing business with U.S. Federal Government agencies.

Our products are regulated by the FCC in the U.S. and similar agencies in other countries where we offer our products. Consequently, we and our customers could be positively or negatively affected by the rules and regulations adopted from time to time by the FCC or regulatory agencies in other countries. For example, our wireless communications products, including two-way LMRs, are subject to FCC regulations related to radio frequency spectrum. As a result of limited spectrum availability, the FCC has mandated that new LMR equipment utilize technology that is more spectrum-efficient, which effectively meant that the industry had to migrate to digital technology. These types of mandates may provide us with new business opportunities or may require us to modify all or some of our products so that they can continue to be manufactured and marketed, which may lead to an increase in our capital expenditures and research and development expenses.

As a public company, we are also subject to regulations of the SEC and the stock exchange on which we are listed (NYSE American).

Some of our operations use substances regulated under various federal, state, local and international laws governing the environment and worker health and safety, including those governing the discharge of pollutants into the ground, air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites, as well as relating to the protection of the environment. Certain of our products are subject to various federal, state, local and international laws governing chemical substances in electronic products. During 2021, compliance with these U.S. federal, state and local and international laws did not have a material effect on our capital expenditures, earnings or competitive position.

Human Capital Resources

As of December 31, 2021, we had 113 employees, most of whom are located at our West Melbourne, Florida facility; 56 of these employees are engaged in direct manufacturing or manufacturing support, 31 in engineering, 15 in sales and marketing, and 11 in headquarters, accounting and human resources activities. Our employees are not represented by any collective bargaining agreements, nor has there ever been a labor-related work stoppage. We believe our relations with our employees are good.

The Company complies with all applicable state, local and international laws governing nondiscrimination in employment in every location in which the Company operates. All applicants and employees are treated with the same high level of respect regardless of their gender, ethnicity, religion, national origin, age, marital status, political affiliation, sexual orientation, gender identity, disability or protected veteran status.

Our mission is to remain deeply rooted in the critical communications industry for all military, first responders, and public safety heroes. Our four guiding principles: growth, tenacious commitment to quality, continuous improvement, and a keen focus on being customer-centric, continuously drive our efforts to be the best partner for our customers, investment for our shareholders, neighbor in our community and to provide an empowering work environment for our employees.

The Company is committed to the health, safety and wellness of its employees. We have modified our business practices and implemented certain policies at our offices in accordance with best practices to accommodate, and at times mandate, social distancing and remote work practices, including restricting employee travel, modifying employee work locations, implementing social distancing and enhanced sanitary measures in our facilities, and cancelling attendance at events and conferences. In addition, we have invested in employee safety equipment, additional cleaning supplies and measures, re-designed production lines and workplaces as necessary and adapted new processes for interactions with our suppliers and customers to safely manage our operations.

Information Relating to Domestic and Export Sales

The following table summarizes our sales of LMR products by customer location:

	2021	2020
	(in millions)	
United States	$ 43.1	43.1
International	2.3	1.0
Total	$ 45.4	$ 44.1

Additional financial information is provided in the Consolidated Financial Statements included in this report.

Item 1A. Risk Factors

Various portions of this report contain forward-looking statements that involve risks and uncertainties. Actual results, performance or achievements could differ materially from those anticipated in these forward-looking statements as a result of certain risk factors, including those set forth below and elsewhere in this report. We undertake no obligation to revise or update any forward-looking statements contained herein to reflect subsequent events or circumstances or the occurrence of unanticipated events.

We depend on the success of our LMR product line

We currently depend on our LMR products as our sole source of sales. A decline in the price of and/or demand for LMR products, as a result of competition, technological change, the introduction of new products by us or others or a failure to manage product transitions successfully, could have a material adverse effect on our business, financial condition and results of operations. In addition, our future success will largely depend on the successful introduction and sale of our BKR Series product line, including our initial multiband product, which has been delayed from initial projections and which we may be unable to successfully complete in a timely manner, or at all. Even if we successfully develop and launch the BKR Series product line, or any other new products, the development of which is a complex and uncertain process requiring innovation and investment, such products may not achieve market acceptance, which could have a material adverse effect on us.

We are engaged in a highly competitive industry

We face intense competition from other LMR suppliers, and the failure to compete effectively could materially and adversely affect our market share, financial condition and results of operations. The largest supplier of LMR products in the world, Motorola Solutions, Inc., currently is estimated to have well in excess of half the market for LMR products. This supplier is also the world's largest supplier of P-25 products. Some of our competitors are significantly larger and have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical and marketing resources than we have. Some also have established reputations for success in developing and supplying LMR products, including providing complete, integrated, communications systems and infrastructure. We do not provide complete, integrated, communications systems and infrastructure. These advantages may allow our competitors:

- to be more attractive to customers who desire a single-source supplier of LMR products;
- to respond more quickly to new or emerging technologies and changes in customer requirements, which may render our products obsolete or less marketable;
- to engage in more extensive research and development;
- to undertake more far-reaching marketing campaigns;
- to be able to take advantage of acquisitions and other opportunities;
- to adopt more aggressive pricing policies; and
- to be more attractive to potential employees and strategic partners.

Some of our competitors have established broad networks of sales locations and multiple distribution channels that are more extensive than ours. We may not be able to compete successfully and competitive pressures may materially and adversely affect our business, results of operations and financial condition.

An increase in the demand for P-25 products could benefit competitors that are better financed and positioned to meet such demand. P-25 products have been brought to the market by an increasing number of our competitors. Our first P-25 portable radio was brought to market in 2003, and in recent years we introduced two new lines of P-25 products, the KNG and KNG2 Series. We are currently developing a new line of P-25 digital products, the BKR Series. Bringing such products to market and achieving a significant market penetration for them will continue to require time and expenditures of funds, and we may be unable to successfully do so. We may be unsuccessful in developing and marketing, on a timely basis, fully functional product enhancements or new products that respond to these and other technological advances, and our new products may not be accepted by customers. An inability to successfully develop and/or market products could have a material adverse effect on our business, financial condition and results of operations.

Our industry is characterized by rapidly changing technology and our success is dependent on our ability to adapt to such changes

Our business could suffer if we are unable to keep pace with rapid technological changes and product development in our industry. The market for our LMR products is characterized by ongoing technological development, evolving industry standards and frequent product introductions. The LMR industry has largely transitioned from analog LMR products to digital LMR products in recent years. In addition, the APCO P-25 standard has been widely adopted. If we are unable to successfully keep up with these changes, our business, financial condition and results of operations could be materially adversely affected.

We depend heavily on sales to the U.S. Government

We are subject to risks associated with our reliance on sales to the U.S. Government. For the year ended December 31, 2021, approximately 35.5% of our sales were to agencies and departments of the U.S. Government, including but not limited to, agencies of the DHS, DoA, DoD and DoI. We may be unable to maintain this government business. Our ability to maintain our government business will depend on many factors outside of our control, including competitive factors, changes in government personnel making contract decisions, spending limits and political factors. The loss of sales to the U.S. Government would have a material adverse effect on our business, financial condition and results of operations.

In addition, most U.S. Government customers award business through a competitive bidding process, which results in greater competition and increased pricing pressure. The bidding process involves significant cost and managerial time to prepare bids for contracts that may not be awarded to us. Even if we are awarded contracts, we may fail to accurately estimate the resources and costs required to fulfill a contract, which could negatively impact the profitability of any contract awarded to us. In addition, following a contract award, we may experience significant expense or delay, contract modification or contract rescission as a result of customer delay or our competitors protesting or challenging contracts awarded to us in competitive bidding.

Any delay, especially any prolonged delay, in the U.S. Government budget process or a government shutdown may result in us incurring substantial labor or other costs without reimbursement under our customer contracts, decrease the number of purchase orders issued under our contracts with government agencies, or result in the suspension of work on contracts in progress or in payment delays.

Any of these events could have a material adverse effect on our business, financial condition and results of operations.

Our business is partially dependent on U.S. Government contracts, which are highly regulated and subject to terminations and oversight audits by U.S. Government representatives that could result in adverse findings and negatively impact our business

Our U.S. Government business is subject to specific procurement regulations with numerous compliance requirements. These requirements, although customary in U.S. Government contracting, increase our performance and compliance costs. These costs may increase in the future, thereby reducing our margins, which could have an adverse effect on our financial condition. Failure to comply with these regulations could lead to suspension or debarment from U.S. Government contracting or subcontracting for a period of time. Among the causes for debarment are violations of various laws or policies, including those related to procurement integrity, U.S. Government security regulations, employment practices, protection of criminal justice data, protection of the environment, accuracy of records, proper recording of costs, foreign corruption and the False Claims Act.

Generally, U.S. Government contracts are subject to oversight audits by U.S. Government representatives and could result in adjustments to our contracts. Any costs found to be improperly allocated to a specific contract or grant may not be allowed, and such costs already reimbursed to us may have to be refunded. Future audits and adjustments, if required, may materially reduce our revenues or profits upon completion and final negotiation of audits. Negative audit findings could also result in investigations, termination of a contract, forfeiture of profits or reimbursements, suspension of payments, fines and suspension or prohibition from doing business with the U.S. Government. All contracts with the U.S. Government are subject to cancellation at the convenience of the U.S. Government.

In addition, contacts with government officials and participation in political activities are areas that are tightly controlled by federal, state, local and international laws. Failure to comply with these laws could cost us opportunities to seek certain government sales opportunities or even result in fines, prosecution or debarment.

Our business is subject to the economic, political, and other risks of manufacturing products in foreign countries

We engage in business with manufacturers, some of which are located in other countries. Approximately 31% of our material, subassembly and product procurements in 2021 were sourced internationally. Accordingly, we are subject to special considerations and risks not typically associated with companies operating solely in the U.S. These include the risks associated with the political, economic, legal, health and other conditions in such foreign countries, among others. Our business, financial condition and operating results may be materially and adversely affected by, among other things, changes in the general political, social, health and economic conditions in foreign countries in which we maintain sourcing relationships, unfavorable changes in U.S. trade legislation and regulations, the imposition of governmental economic sanctions on countries in which we do business or other trade barriers, threats of war, terrorism or governmental instability, labor disruptions, the impact of public health epidemics on employees and the global economy, such as the coronavirus currently impacting China, which may cause our manufacturers or suppliers to temporarily suspend operations in the affected region, potentially negatively impacting our product launch timing and shipments, currency controls, fluctuating exchange rates with respect to contracts not denominated in U.S. dollars, and unanticipated or unfavorable changes in government policies with respect to laws and regulations, anti-inflation measures and method of taxation. If we were unable to navigate foreign regulatory environments, or if we were unable to enforce our contract rights in foreign countries, our business could be adversely impacted. Any of these events could interrupt our manufacturing process and cause operational disruptions, increase prices for manufacturing, reduce our sales or otherwise have an adverse effect on our operating performance.

We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability due to the ongoing military conflict between Russia and Ukraine. Our business, financial condition and results of operations may be materially adversely affected by any negative impact on the global economy and capital markets resulting from the conflict in Ukraine or any other geopolitical tensions.

U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine. On February 24, 2022, a full-scale military invasion of Ukraine by Russian troops was reported. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions. We are continuing to monitor the situation in Ukraine and globally and assessing its potential impact on our business.

Additionally, Russia's prior annexation of Crimea, recent recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and subsequent military interventions in Ukraine have led to sanctions and other penalties being levied by the United States, European Union and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People's Republic, and the so-called Luhansk People's Republic, including agreement to remove certain Russian financial institutions from the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") payment system. Additional potential sanctions and penalties have also been proposed and/or threatened. Russian military actions and the resulting sanctions could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, potentially making it more difficult for us to obtain additional funds.

Any of the above mentioned factors could affect our business, prospects, financial condition, and operating results. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions may also magnify the impact of other risks described in this Annual Report on Form 10-K.

The COVID-19 pandemic and ensuing governmental responses have negatively impacted, and could further materially adversely affect, our business, financial condition, results of operations and cash flow.

In December 2019, a novel strain of the coronavirus (COVID-19) surfaced, which spread globally and was declared a pandemic by the World Health Organization in March 2020. The challenges posed by the COVID-19 pandemic on the global economy increased significantly in the first several months of 2020. In response to COVID-19, national and local governments around the world instituted certain measures, including travel bans, prohibitions on group events and gatherings, shutdowns of certain businesses, curfews, shelter-in-place orders, and recommendations to practice social distancing. We are considered an "essential business" that is supporting first responders and our manufacturing operations have remained open throughout the pandemic. We implemented certain policies at our offices in accordance with best practices to accommodate, and at times mandate, social distancing, wearing face masks, and remote work practices. Among other things, we have invested in employee safety equipment, additional cleaning supplies and measures, adjusted production lines and workplaces as necessary and adapted new processes for interactions with our suppliers and customers to safely manage our operations. Any employees that test positive for COVID-19 are quarantined and, if possible, work remotely in accordance with accepted safety practices until after passing subsequent testing.

In planning for the possible disruption of our business, we took steps to reduce expenses throughout the Company. This included suspending all Company travel for a period of time, as well as our participation in trade shows and other business meetings, instituting strict inventory control and decreasing expenditures. We also implemented workforce reductions during the third quarter of 2020 and suspended the employer's 401K match. The impact to our business in 2021, particularly customer orders, is not known with any certainty. Recently, worldwide shortages of materials, particularly semiconductors and integrated circuits, have resulted in limited supplies, extended lead times, and increased our costs and inventory levels for certain components used in our products. While, generally, we have been able to procure the material necessary to manufacture our products and fulfill customer orders, there have been some delays and longer delivery times within our supply chain. While the progression and duration of these shortages is not known with certainty, they may last for several quarters or years. The impact on our operations of such shortages, or additional shortages that may surface, is uncertain, but could potentially impact our future sales, manufacturing operations and financial results. Continued progression of these circumstances could result in a decline in customer orders, as our customers could shift purchases to lower-priced or other perceived value offerings or reduce their purchases and inventories due to decreased budgets, reduced access to credit or various other factors, and impair our ability to manufacture our products, which could have a material adverse impact on our results of operations and cash flow. While the current impacts of COVID-19 are reflected in our results of operations, we cannot at this time separate the direct COVID-19 impacts from other factors that cause our performance to vary from quarter to quarter. The ultimate duration and impact of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows is dependent on future developments, including the duration and severity of the pandemic, and the related length of its impact on the global economy, which are uncertain and cannot be predicted at this time. Even after the COVID-19 pandemic has subsided, we may continue to experience an adverse impact to our business as a result of its national and, to some extent, global economic impact. Furthermore, the extent to which our mitigation efforts are successful, if at all, is not presently ascertainable. However, our results of operations in future periods may continue to be adversely impacted by the COVID-19 pandemic and its negative effects on global economic conditions.

We carry substantial quantities of inventory, and inaccurate estimates of necessary inventory could materially harm our business, financial condition and operating results

We carry a significant amount of inventory to service customer requirements in a timely manner. If we are unable to sell this inventory over a commercially reasonable time, in the future we may be required to take inventory markdowns, which would reduce our net sales and/or gross margins. In addition, it is critical to our success that we accurately predict trends in customer demand, including seasonal fluctuations, in the future and do not overstock unpopular products or fail to sufficiently stock popular products. Both scenarios could materially harm our business, financial condition and operating results.

We enter into fixed-price contracts that could subject us to losses in the event we fail to properly estimate our costs or hedge our risks associated with currency fluctuations

We sometimes enter into firm fixed-price contracts. If our initial cost estimates are incorrect, we can lose money on these contracts. Because certain of these contracts involve new technologies and applications, require us to engage subcontractors and/or can last multiple years, unforeseen events, such as technological difficulties, fluctuations in the price of raw materials, problems with our subcontractors or suppliers and other cost overruns, can result in the contract pricing becoming less favorable or even unprofitable to us and have an adverse impact on our financial results. In addition, a significant increase in inflation rates or currency fluctuations could have an adverse impact on the profitability of longer-term contracts.

Our investment strategy may not be successful, which could adversely impact our financial condition

We may invest part of our cash balances in public companies. For example, as of December 31, 2021, we held 477,282 shares of the common stock of FG Financial Group, Inc. (formerly 1347 Property Insurance Holdings, Inc.) (Nasdaq: FGF) ("FGF"). These types of investments carry more risk than holding our cash balances as bank deposits or, for example, such conservative investments as treasury bonds or money market funds. There can be no assurance that we will be able to maintain or enhance the value or the performance of the companies in which we have invested or in which we may invest in the future, or that we will be able to achieve returns or benefits from these investments. We may lose all or part of our investment relating to such companies if their value decreases as a result of their financial performance or for any other reason. If our interests differ from those of other investors in companies over which we do not have control, we may be unable to effect any change at those companies. We are not required to meet any diversification standards, and our investments may become concentrated. If our investment strategy is not successful or we achieve less than expected returns from these investments, it could have a material adverse effect on us. The Board of Directors may also change our investment strategy at any time, and such changes could further increase our exposure, which could adversely impact us.

Fundamental Global GP, LLC ("FG"), with its affiliates, is our largest stockholder, and its interests may differ from the interests of our other stockholders

The interests of FG may differ from the interests of our other stockholders. As of December 31, 2021, FG and its affiliates, owners and managers together hold approximately 20.75% of the Company's outstanding shares of common stock. Kyle Cerminara, Chief Executive Officer, Co-Founder, and Partner of FG, is a member of our Board of Directors. As a result of its ownership position FG could exert influence over matters submitted for stockholder approval, including the election of our directors and other corporate actions such as significant stock issuances, reorganizations, mergers and asset sales, and over our business, operations and management, including our strategic plans for the business. FG may have interests that differ from those of our other stockholders and may vote in a way with which our other stockholders disagree and which may be adverse to their interests. FG's ownership position may also have the effect of delaying, preventing or deterring a change of control of the Company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of the Company and might ultimately affect the market price of our common stock.

If we are unable to maintain our brand and reputation, our business, results of operations and prospects could be materially harmed

Our business, results of operations and prospects depend, in part, on maintaining and strengthening our brand and reputation for providing high-quality products and services. Reputational value is based in large part on perceptions. Although reputations may take decades to build, any negative incidents can quickly erode trust and confidence, particularly if they result in adverse publicity, governmental investigations or litigation. If problems with our products cause operational disruption or other difficulties, or there are delays or other issues with the delivery of our products or services, our brand and reputation could be diminished. Damage to our reputation could also arise from actual or perceived legal violations or product safety issues, cybersecurity breaches, actual or perceived poor employee relations, actual or perceived poor service, actual or perceived poor privacy practices, operational or sustainability issues, actual or perceived ethical issues or other events within or outside of our control that generate negative publicity with respect to us. Any event that has the potential to negatively impact our reputation could lead to lost sales, loss of new opportunities and retention and recruiting difficulties. If we fail to promote and maintain our brand and reputation successfully, our business, results of operations and prospects could be materially harmed.

We face a number of risks related to challenging economic conditions

Current economic conditions in the U.S. and elsewhere remain uncertain. These challenging economic conditions could materially and adversely impact our business, liquidity and financial condition in a number of ways, including:

- ***Potential deferment or reduction of purchases by customers*:** Significant deficits and limited appropriations confronting our federal, state and local government customers may cause them to defer or reduce purchases of our products. Furthermore, uncertainty about current and future economic conditions may cause customers to defer purchases of our products in response to tighter credit and decreased cash availability. Additionally, any delay, especially any prolonged delay, in the U.S. Government budget process or government shutdown may negatively impact the ability of many of our customers to purchase our products and decrease the number of purchase orders issued under our contracts with government agencies.
- ***Negative impact from increased financial pressures on third-party dealers, distributors and suppliers*:** We make sales to certain of our customers through third-party dealers and distributors. We generally do not require collateral from our customers. If credit pressures or other financial difficulties result in insolvencies of these third parties and we are unable to successfully transition the end customers to purchase our products from other third parties, or directly from us, it could materially and adversely impact our business, financial condition and operating results. Challenging economic conditions may also impact the financial condition of one or more of our key suppliers, which could negatively affect our ability to secure product to meet our customers' demands.
- ***Limited access by us to credit and capital*:** The credit markets may limit our access to credit and impair our ability to raise capital, if needed, on acceptable terms or at all. From time to time, we also have cash in financial institutions in excess of federally insured limits, which funds might be at risk of loss should such financial institutions face financial difficulties.

The terms of the credit agreement with JPMorgan Chase Bank, N.A., contain restrictive covenants that may limit our operating flexibility

On January 13, 2020, BK Technologies, Inc., our wholly-owned operating subsidiary ("BK Technologies, Inc."), executed Credit Agreement (the "Original Credit Agreement") with JPMorgan Chase Bank, N.A. ("JPMC") and a Line of Credit Note in favor of JPMC in an aggregate principal amount of up to $5,000,000 (the "Original Note"), each dated as of January 13, 2020. The Original Note had a maturity date of January 31, 2021. On January 26, 2021, BK Technologies, Inc. and JPMC entered into a Note Modification Agreement (the "Modification"), to modify the Original Note to, among other things, extend the maturity date of the Original Note to January 31, 2022. Then, on January 21, 2022, BK Technologies, Inc. and JPMC entered into a First Amendment to Credit Agreement (the "Amendment") to, among other things, extend the maturity date to January 31, 2023. Also on January 31, 2022, BK Technologies, Inc. delivered to JPMC a related Line of Credit Note (the "Note" and collectively with the Original Credit Agreement, as modified by the Modification and the Amendment , the "Credit Agreement"), in replacement, renewal and extension of the Original Note, as previously modified, which has a maturity date of January 31, 2023. The Credit Agreement provides for a revolving line of credit through January 31, 2023. The Credit Agreement contains limitations and covenants that may limit BK Technologies, Inc.'s ability to take certain actions, including pay dividends to us, enter into liens, indebtedness, loans and guarantees, acquisitions and mergers, or sales of assets, and engage in stock repurchases. It also contains one financial covenant requiring BK Technologies, Inc. to maintain a tangible net worth of at least $20.0 million at any fiscal quarter end. We are a guarantor of BK Technologies, Inc.'s obligations under the Credit Agreement. Events beyond our control, including changes in general business and economic conditions, may impair BK Technologies, Inc.'s ability to comply with these covenants, and a breach of any covenants may result in an event of default. Upon the occurrence of an event of default, JPMC may declare the entire unpaid balance immediately due and payable and/or exercise any and all remedial and other rights under the Credit Agreement. BK Technologies, Inc. may be unable to repay any accelerated indebtedness, and we may not be able to repay any indebtedness pursuant to the guarantee or refinance any accelerated indebtedness on favorable terms, or at all. In general, the occurrence of any event of default under the Credit Agreement could have an adverse effect on our financial condition or results of operations.

We depend on a limited number of manufacturers and on a limited number of suppliers of components to produce our products, and the inability to obtain adequate and timely delivery of supplies and manufactured products could have a material adverse effect on us

We contract with manufacturers to produce portions of our products. Our use of contract manufacturers exposes us to certain risks, including shortages of manufacturing capacity, reduced control over delivery schedules, quality assurance, production yield and costs. If any of our manufacturers terminate production or cannot meet our production requirements, we may have to rely on other contract manufacturing sources or identify and qualify new contract manufacturers. The lead-time required to qualify a new manufacturer could range from approximately two to six months. Despite efforts to do so, we may not be able to identify or qualify new contract manufacturers in a timely and cost-effective manner, and these new manufacturers may not allocate sufficient capacity to us in order to meet our requirements. Any significant delay in our ability to obtain adequate quantities of our products from our current or alternative contract manufacturers could have a material adverse effect on our business, financial condition and results of operations.

In addition, our dependence on limited and sole source suppliers of components involves several risks, including a potential inability to obtain an adequate supply of components, price increases, late deliveries and poor component quality. Approximately 31% of our material, subassembly and product procurements in 2021 were sourced from seven suppliers. We place purchase orders from time to time with these suppliers and have no guaranteed supply arrangements. Disruption or termination of the supply of these components could delay shipments of our products. The lead-time required for some of our components is up to as six months. If we are unable to accurately predict our component needs, or if our component supply is disrupted, we may miss market opportunities by not being able to meet the demand for our products. This may damage our relationships with current and prospective customers and have a material adverse effect on our business, financial condition and results of operations.

We may not be able to manage our growth

Acquisitions and other business transactions may disrupt or otherwise have a negative impact on our business, financial condition and results of operations. We do not have any acquisitions currently pending, and there can be no assurance that we will complete any future acquisitions or other business transactions or that any such transactions which are completed will prove favorable to our business. We intend to seek stockholder approval for any such transactions only when so required by applicable law or regulation. Any acquisitions of businesses and their respective assets also involve the risks that the businesses and assets acquired may prove to be less valuable than we expect and we may assume unknown or unexpected liabilities, costs and problems. We hope to grow rapidly, and the failure to manage our growth could materially and adversely affect our business, financial condition and results of operations. Our business plan contemplates, among other things, leveraging our products and technology for growth in our customer base and sales. This growth, if it materializes, could significantly challenge our management, employees, operations and financial capabilities. In the event of this expansion, we have to continue to implement and improve our operating systems and to expand, train, and manage our employee base. If we are unable to manage and integrate our expanding operations effectively, our business, results of operations and financial condition could be materially and adversely affected.

Environmental, social and governance matters may impact our business and reputation

Increasingly, in addition to the importance of their financial performance, companies are being judged by their performance on a variety of environmental, social and governance ("ESG") matters, which are considered to contribute to the long-term sustainability of companies' performance.

A variety of organizations measure the performance of companies on ESG topics, and the results of these assessments are widely publicized. In addition, investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of ESG measures to their investment decisions. Topics taken into account in such assessments include, among others, companies' efforts and impacts on climate change and human rights, ethics and compliance with law, diversity and the role of companies' board of directors in supervising various sustainability issues.

ESG goals and values are embedded in our core mission and vision, and we consider their potential impact on the sustainability of our business over time and the potential impact of our business on society. However, in light of investors' increased focus on ESG matters, there can be no certainty that we will manage such issues successfully, or that we will successfully meet society's expectations as to our proper role. This could lead to risk of litigation or reputational damage relating to our ESG policies or performance.

Further, possible actions to address ESG issues may not maximize short-term financial results and may yield financial results that conflict with the market's expectations. We have and may in the future make business decisions that may reduce our short-term financial results if we believe that the decisions are consistent with our ESG goals, which we believe will improve our financial results over the long-term. These decisions may not be consistent with the short-term expectations of our stockholders and may not produce the long-term benefits that we expect, in which case our business, financial condition, and operating results could be harmed.

Retention of our executive officers and key personnel is critical to our business

Our key executives are critical to our success. The loss of services from any of our executive officers or other key employees due to any reason whatsoever could have a material adverse effect on our business, financial condition and results of operations.

Our success is also dependent upon our ability to hire and retain qualified operations, development and other personnel. Competition for qualified personnel in our industry is intense, and we may be unable to hire or retain necessary personnel. The inability to attract and retain qualified personnel could have a material adverse effect on our business, financial condition and results of operations.

We have had changes in our senior management team and other personnel over the past few years and have promoted or hired new employees to fill certain roles. Our inability to effectively integrate the newly-hired or promoted senior managers or other employees into our business process, controls and systems could have a material adverse effect on us.

We rely on a combination of contract, trademark and trade secret laws to protect our intellectual property rights, and failure to effectively utilize or successfully assert these rights could negatively impact us

Currently, we have 6 pending applications for US patents. We have several trademarks related to the names "BK Technologies," "BK Radio", and "Radios for Heroes". We have applied for a trademark related to the name "BKR." As part of our confidentiality procedures, we generally enter into nondisclosure agreements with our employees, distributors and customers and limit access to and distribution of our proprietary information. We also rely on trade secret laws to protect our intellectual property rights. There is a risk that we may be unable to prevent another party from manufacturing and selling competing products or otherwise violating our intellectual property rights. Our intellectual property rights, and any additional rights we may obtain in the future, may be invalidated, circumvented or challenged in the future. It may also be particularly difficult to protect our products and intellectual property under the laws of certain countries in which our products are or may be manufactured or sold. Our failure to perfect or successfully assert intellectual property rights could harm our competitive position and could negatively impact us.

Rising health care costs may have a material adverse effect on us

The costs of employee health care insurance have been increasing in recent years due to rising health care costs, legislative changes and general economic conditions. We cannot predict what other health care programs and regulations ultimately will be implemented at the federal or state level or the effect of any future legislation or regulation in the U.S. on our business, financial condition and results of operations. In addition, we cannot predict when or if Congress will repeal and/or replace certain health care programs and regulations at the federal level and the impact such changes would have on our business. A continued increase in health care costs could have a material adverse effect on us.

The insurance that we maintain may not fully cover all potential exposures

We maintain property, business interruption and casualty insurance, but such insurance may not cover all risks associated with the hazards of our business and is subject to limitations, including deductibles and maximum liabilities covered. We are potentially at risk if one or more of our insurance carriers fail. Additionally, severe disruptions in the domestic and global financial markets could adversely impact the ratings and survival of some insurers. In the future, we may not be able to obtain coverage at current levels, and our premiums may increase significantly on coverage that we maintain.

Our stock price is vulnerable to significant fluctuations, including due to our fluctuating quarterly operating results

Our quarterly operating results may fluctuate significantly from quarter to quarter and may be below the expectations of the investment community, resulting in volatility for the market price for our common stock. Other factors affecting the volatility of our stock price include:

- future announcements concerning us or our competitors;
- the announcement or introduction of technological innovations or new products by us or our competitors, including announcements regarding the status of our BKR Series product line;
- changes in product pricing policies by us or our competitors;
- changes in earnings estimates by us or our competitors or by securities analysts;
- additions or departures of our key personnel; and
- sales of our common stock.

In addition, the stock market is subject to price and volume fluctuations affecting the market price for the stock of many companies generally, which fluctuations often are unrelated to operating performance.

Natural disasters, acts of war or terrorism and other catastrophic events beyond our control could have a material adverse effect on our operations and financial condition

The occurrence of one or more natural disasters, such as fires, hurricanes, tornados, tsunamis, floods and earthquakes; geo-political events, such as civil unrest in a country in which our suppliers or manufacturers are located, or acts of war or terrorism (wherever located around the world) or military activities disrupting transportation, communication or utility systems or otherwise causing damage to our business, employees, suppliers, manufacturers and customers; or other highly disruptive events, such as nuclear accidents, pandemics, unusual weather conditions or cyber-attacks, could have a material adverse effect on our business, financial condition and results of operations. Such events could result, among other things, in operational disruptions, physical damage to or destruction or disruption of one or more of our properties or properties used by third parties in connection with the supply of products or services to us, the lack of an adequate workforce in parts or all of our operations and communications and transportation disruptions. These factors could also cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and global financial markets and economy. Such occurrences could have a material adverse effect on us and could also have indirect consequences, such as increases in the costs of insurance, if they result in significant loss of property or other insurable damage.

A security breach or other significant disruption of our information technology systems, or those of our distributors, manufacturers, suppliers and other partners, caused by cyber-attack or other means, could have a negative impact on our operations, sales and results of operations

From time to time, we may experience cyber-attacks on our information technology systems and the information systems of our distributors, manufacturers, suppliers and other partners, whose systems we do not control. These systems are vulnerable to damage, unauthorized access or interruption from a variety of sources, including, but not limited to, continually evolving cyber-attacks (including social engineering and phishing attempts), attempts to gain unauthorized access to data, cyber intrusion, computer viruses, security breach, misconduct by employees or other insiders with access to our data, energy blackouts, natural disasters, terrorism, sabotage, war and telecommunication failures. Cyber-attacks are rapidly evolving and becoming increasingly sophisticated. Computer hackers and others might compromise our security measures, or security measures of those parties that we do business with now or in the future, and obtain the personal information of our customers, employees and partners or our business information. A cyber-attack or other significant disruption involving our information technology systems or those of our distributors, manufacturers, suppliers or other partners, could result in disruptions in critical systems, corruption or loss of data, theft of data, funds or intellectual property, and unauthorized release of our or our customers' proprietary, confidential or sensitive information. Such unauthorized access to, or release of, this information could expose us to data loss, disrupt our operations, allow others to unfairly compete with us, subject us to litigation, government enforcement actions, regulatory penalties and costly response measures, and could seriously disrupt our operations. Any resulting negative publicity could also significantly harm our reputation. We may not have adequate insurance coverage to compensate us for any losses associated with such events. Any or all of the foregoing could have a negative impact on our business, financial condition, results of operations and cash flows.

Because the techniques used to obtain unauthorized access to, or disable, degrade or sabotage, information technology systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques, implement adequate preventative measures or remediate any intrusion on a timely or effective basis. Moreover, the development and maintenance of these preventative and detective measures is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. We, therefore, remain potentially vulnerable to additional known or yet unknown threats, as in some instances, we, our distributors, manufacturers, suppliers and other partners, may be unaware of an incident or its magnitude and effects. We also face the risk that we expose our customers or partners to cybersecurity attacks. In addition, from time to time, we implement updates to our information technology systems and software, which can disrupt or shutdown our information technology systems. We may not be able to successfully integrate and launch these new systems as planned without disruption to our operations.

The risk of noncompliance with U.S. and foreign laws and regulations applicable to us could materially adversely affect us

Failure to comply with government regulations applicable to our business could result in penalties and reputational damage. Our products are regulated by the FCC and otherwise subject to a wide range of global laws. As a public company, we are also subject to regulations of the SEC and the stock exchange on which we are listed. These laws and regulations are complex, change frequently, have tended to become more stringent over time and increase our cost of doing business. Compliance with existing or future laws, including U.S. tax laws, could subject us to future costs or liabilities, impact our production capabilities, constrict our ability to sell, expand or acquire facilities, restrict what products and services we can offer, and generally impact our financial performance. Failure to comply with or to respond to changes in these requirements and regulations could result in penalties on us, such as fines, restrictions on operations or a temporary or permanent closure of our facility. These penalties could have a material adverse effect on our business, operating results and financial condition. In addition, existing or new regulatory requirements or interpretations could materially adversely impact us.

We may not be able to maintain our NYSE American listing

Our common stock has been listed on the NYSE American since 2005. If we are unable to satisfy the continued listing standards of the NYSE American, which include, among others, minimum stockholders' equity, market capitalization, pre-tax income and per share sales price, our common stock may be delisted. If our common stock is delisted, we would be forced to have our common stock quoted on the OTC Markets or some other quotation medium, depending on our ability to meet the specific requirements of those quotation systems. In that case, we may lose some or all of our institutional investors, and selling our common stock on the OTC Markets would be more difficult because smaller quantities of shares would likely be bought and sold, and transactions could be delayed. These factors could result in lower prices and larger spreads in the bid and ask prices for shares of our common stock. If this happens, we will have greater difficulty accessing the capital markets to raise any additional necessary capital.

Any infringement claim against us could have a material adverse effect on our business, financial condition and results of operations

As the number of competing products available in the market increases and the functions of those products further overlap, the potential for infringement claims may increase. Any such claims, with or without merit, may result in costly litigation or require us to redesign the affected product to avoid infringement or require us to obtain a license for future sales of the affected product. Any of the foregoing could damage our reputation and have a material adverse effect upon our business, financial condition and results of operations. Any litigation resulting from any such claim could require us to incur substantial costs and divert significant resources, including the efforts of our management and engineering personnel.

We have deferred tax assets that we may not be able to utilize under certain circumstances

If we incur future operating losses, we may be required to provide some or all of our deferred tax assets with a valuation allowance, resulting in additional non-cash income tax expense. The change in the valuation allowance may have a material impact on future net income or loss.

We may be unable to obtain components and parts that are verified to be Democratic Republic of Congo ("DRC") conflict-free, which could result in reputational damage

The Dodd-Frank Wall Street Reform and Consumer Protection Act includes disclosure requirements regarding the use of tin, tantalum, tungsten and gold (which are defined as "conflict minerals") in our products and whether these materials originated from the DRC or an adjoining country. The SEC rules necessitate a complex compliance process and related administrative expense for a company once it determines a conflict mineral is necessary to the functionality or production of a product that the company manufactures or contracts to manufacture. These requirements could affect the sourcing, availability and cost of minerals used in the manufacture of certain of our products, and we may not be able to obtain conflict-free products or supplies in sufficient quantities or at competitive prices for our operations. We have incurred, and will continue to incur, costs associated with complying with these supply chain due diligence procedures. In addition, because our supply chain is complex, if we discover that our products include minerals that have been identified as "not found to be DRC conflict-free" or we are unable to determine whether such minerals are included in our products, we may face reputational challenges with our customers, stockholders and other stakeholders as a result.

As a holding company, BK Technologies Corporation is dependent on the operations and funds of its subsidiaries

On March 28, 2019, we completed a reorganization pursuant to which BK Technologies Corporation became a holding company with no business operations of its own. BK Technologies Corporation's only significant assets are the outstanding equity interests in BK Technologies, Inc. and any other future subsidiaries of BK Technologies Corporation. As a result, we rely on cash flows from subsidiaries to meet our obligations, including payment of dividends to our stockholders. Additionally, our subsidiaries may be restricted in their ability to pay cash dividends or to make other distributions to BK Technologies Corporation, as the new holding company; for instance, the Credit Agreement permits BK Technologies, Inc. to pay dividends to us only if there is no default, and the payment of the dividends would not result in a default, under the Credit Agreement. The holding company reorganization was intended to create a more efficient corporate structure and increase operational flexibility. The anticipated benefits of this reorganization may not be obtained if circumstances prevent us from taking advantage of the opportunities that we expect it may afford us. As a result, we may incur the costs of a holding company structure without realizing the anticipated benefits, which could adversely affect our reputation, financial condition, and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We do not own any real estate. We lease approximately 54,000 square feet of industrial space at 7100 Technology Drive in West Melbourne, Florida. In November 2018, the lease was amended to provide for certain leasehold improvements and extend the lease term until June 30, 2027. Rental, maintenance and tax expenses for this facility were approximately $556,000 and $510,000 in 2021 and 2020, respectively.

We lease approximately 6,857 square feet of office space at Sawgrass Technology Park, 1619 NW 136th Avenue in Sunrise, Florida. This lease will expire on December 31, 2025. Annual rental, maintenance and tax expenses for the facility were approximately $208,000 and $169,000 in 2021 and 2020, respectively.

Item 3. Legal Proceedings

From time to time we may be involved in various claims and legal actions arising in the ordinary course of our business. There were no pending material claims or legal matters as of December 31, 2021.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market For Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a) Market Information.

Our common stock trades on the NYSE American under the symbol “BKTI.”

(b) Holders.

On March 1, 2022, there were 539 holders of record of our common stock.

(c) Dividends.

We currently pay quarterly cash dividends. The declaration and payment of cash dividends, if any, is subject to the discretion of the Board of Directors. The Board’s final determination as to whether to declare and pay dividends is based upon its consideration of our operating results, financial condition and anticipated capital requirements, as well as such other factors it may deem relevant.

We receive dividends from our wholly-owned subsidiary, BK Technologies, Inc., to fund the quarterly cash dividends to our stockholders. The Credit Agreement permits BK Technologies, Inc. to pay dividends to us if there is no default, and if the payment of the dividend would not result in a default, under the Credit Agreement.

(d) Issuer Purchases of Equity Securities.

Period	Total Number of Shares Purchased		Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares that May Yet Be Purchased Under Publicly Announced Plans or Programs (2)
01/01/20-01/31/20	36,155	$	2.94	36,155	81,787
02/01/20-02/29/20	20,963	$	2.72	20,963	60,824
03/01/20-03/31/20	44,695	$	1.72	44,695	16,129
04/01/20-04/30/20	16,129	$	1.63	16,129	—
Total	117,942	$	2.25	117,942	

(1) Average price paid per share of common stock repurchased is the executed price, including commissions paid to brokers.

(2) The Company had a repurchase program of up to one million shares of the Company’s common stock pursuant to a stock repurchase plan in conformity with the provisions of Rule 10b5-1 and Rule 10b-18 promulgated under the Exchange Act. The repurchase program was initially announced in May 2016, expanded in June 2017 and was completed in April 2020. On December 17, 2021 a share repurchase program was authorized under which the Company may repurchase up to an aggregate of $5 million of its common shares. Share repurchases under this program were authorized to begin immediately. The program does not have an expiration date. Any repurchases would be funded using cash on hand and cash from operations. The actual timing, manner and number of shares repurchased under the program will be determined by management and the Board of Directors at their discretion, and will depend on several factors, including the market price of the Company’s common shares, general market and economic conditions, alternative investment opportunities, and other business considerations in accordance with applicable securities laws and exchange rules. The authorization of the share repurchase program does not require BK Technologies to acquire any particular number of shares and repurchases may be suspended or terminated at any time at the Company’s discretion.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

BK Technologies Corporation is a holding company, with a wholly-owned operating subsidiary, BK Technologies, Inc. We design, manufacture and market American-made two-way land mobile radios, repeaters, base stations and related components and subsystems. All operating activities are undertaken by BK Technologies, Inc.

Customer demand and orders for our products were strong during 2021. Supply chain constraints limited our ability to manufacture the quantities needed to ship and fulfill all the orders. Consequently, these orders were carried in backlog, and we anticipate fulfilling many of these orders during the first half of 2022.

For 2021, sales grew approximately 2.8% to approximately $45.4 million, compared with $44.1 million for the prior year. The growth was attributed primarily to state and local public safety agencies as well as the first model in our BKR line of products. Gross profit margins as a percentage of sales in 2021 were 35.8%, compared with 40.8% (as adjusted) for the prior year, generally reflecting increases in material, component and freight costs. Selling, general and administrative ("SG&A") expenses for 2021 totaled approximately $17.5 million (38.5% of sales), compared with $17.0 million (38.6% of sales) last year. We recognized an operating loss in 2021 of approximately $1.2 million, which was attributed primarily to increased product costs and operating expenses. For the prior year we recognized operating income of approximately $994,000 (as adjusted).

In 2021 we recognized other expenses, net totaling approximately $318,000, primarily attributed to an unrealized loss from our investment in FGF, made through FGI 1347 Holdings, LP, a consolidated variable interest entity. This compares with other expense of $797,000 last year, which was also primarily related to an unrealized loss from the investment in FGF.

For 2021 the pretax loss totaled approximately $1.5 million, compared with pretax income of approximately $197,000 (as adjusted) for the prior year.

We recognized a tax expense of approximately $187,000 for 2021, compared with approximately $3,000 for the prior year. Our income tax expense for both years was largely non-cash as a result of deferred items.

The net loss for 2021 totaled approximately $1.7 million ($0.11 per basic and diluted share), compared with net income of approximately $194,000 ($0.02 per basic and diluted share) (as adjusted) last year.

As of December 31, 2021, working capital totaled approximately $25.2 million, of which $18.8 million was comprised of cash, cash equivalents and trade receivables. This compares with working capital totaling approximately $16.2 million (as adjusted) at 2020 year-end, which included $13.3 million of cash, cash equivalents and trade receivables. During 2021, we paid four quarterly dividends, utilizing cash of approximately $1.2 million.

Impact of COVID-19 Pandemic and Supply Chain

In December 2019, a novel strain of the coronavirus (COVID-19) surfaced, which spread globally and was declared a pandemic by the World Health Organization in March 2020. The challenges posed by the COVID-19 pandemic on the global economy increased significantly in the first several months of 2020. In response to COVID-19, national and local governments around the world instituted certain measures, including travel bans, prohibitions on group events and gatherings, shutdowns of certain businesses, curfews, shelter-in-place orders, and recommendations to practice social distancing. We are considered an "essential business" that is supporting first responders and our manufacturing operations have remained open throughout the pandemic. We implemented certain policies at our offices in accordance with best practices to accommodate, and at times mandate, social distancing, wearing face masks, and remote work practices. Among other things, we have invested in employee safety equipment, additional cleaning supplies and measures, adjusted production lines and workplaces as necessary and adapted new processes for interactions with our suppliers and customers to safely manage our operations. Any employees that test positive for COVID-19 are quarantined and, if possible, work remotely in accordance with accepted safety practices until after passing subsequent testing.

In planning for the possible disruption of our business, we took steps to reduce expenses throughout the Company. This included suspending all Company travel for a period of time, as well as our participation in trade shows and other business meetings, instituting strict inventory control and decreasing expenditures. We also implemented workforce reductions during the third quarter of 2020 and suspended the employer's 401K match. The impact to our business in 2021, particularly customer orders, is not known with any certainty. Recently, worldwide shortages of materials, particularly semiconductors and integrated circuits, have resulted in limited supplies, extended lead times, and increased our costs and inventory levels for certain components used in our products. While, generally, we have been able to procure the material necessary to manufacture our products and fulfill customer orders, there have been some delays and longer delivery times within our supply chain. While the progression and duration of these shortages is not known with certainty, they may last for several quarters or years. The impact on our operations of such shortages, or additional shortages that may surface, is uncertain, but could potentially impact our future sales, manufacturing operations and financial results. Continued progression of these circumstances could result in a decline in customer orders, as our customers could shift purchases to lower-priced or other perceived value offerings or reduce their purchases and inventories due to decreased budgets, reduced access to credit or various other factors, and impair our ability to manufacture our products, which could have a material adverse impact on our results of operations and cash flow. While the current impacts of COVID-19 are reflected in our results of operations, we cannot at this time separate the direct COVID-19 impacts from other factors that cause our performance to vary from quarter to quarter. The ultimate duration and impact of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows is dependent on future developments, including the duration and severity of the pandemic, and the related length of its impact on the global economy, which are uncertain and cannot be predicted at this time. Even after the COVID-19 pandemic has subsided, we may continue to experience an adverse impact to our business as a result of its national and, to some extent, global economic impact. Furthermore, the extent to which our mitigation efforts are successful, if at all, is not presently ascertainable. However, our results of operations in future periods may continue to be adversely impacted by the COVID-19 pandemic and its negative effects on global economic conditions. For additional risks relating to the COVID-19 pandemic, see Item 1A. Risk Factors in Part II of this report.

We may experience fluctuations in our quarterly results, in part, due to governmental customer spending patterns that are influenced by government fiscal year-end budgets and appropriations. We may also experience fluctuations in our quarterly results, in part, due to our sales to federal and state agencies that participate in wildland fire-suppression efforts, which may be greater during the summer season when forest fire activity is heightened. In some years, these factors may cause an increase in sales for the second and third quarters, compared with the first and fourth quarters of the same fiscal year. Such increases in sales may cause quarterly variances in our cash flow from operations and overall financial condition.

Results of Operations

As an aid to understanding our operating results, the following table shows items from our consolidated statements of operations expressed as a percentage of sales:

	Percent of Sales for Years Ended December 31,	
	2021	2020 (as adjusted)
Sales	100.0%	100.0%
Cost of products	(64.2)	(59.2)
Gross margin	35.8	40.8
Selling, general and administrative expenses	(38.5)	(38.6)
Other (expense) income, net	(0.7)	(1.8)
(Loss) income before income taxes	(3.3)	0.4
Income tax expense	(0.4)	(0.0)
Net Income (loss)	(3.7)%	0.4%

Fiscal Year 2021 Compared With Fiscal Year 2020

Sales, net

For 2021, net sales increased approximately $1.2 million to approximately $45.4 million, compared with approximately $44.1 million last year.

Customer demand and orders for our products were strong in 2021. Supply chain constraints limited our ability to manufacture the quantities needed to convert the orders into shipments and sales revenue. Accordingly, as of December 31, 2021, these orders were carried in backlog, and we anticipate fulfilling many of them during the first half of 2022. Although supply chain factors may continue to create delays during the next several quarters, we anticipate being able to fulfill customer requirements. The precise impact to sales and shipments in any particular quarter, however, cannot be quantified.

Sales for the year ended December 31, 2021, were attributed primarily to federal, state and municipal public safety agencies, some of which were new customers. Also, 2021 was the first full year for the sale of the BKR 5000, the first model in our new BKR Series of APCO Project 25 land mobile radio products and solutions that was launched in the second half of 2020.

The BKR Series is envisioned as a comprehensive line of new products, which will include additional models in coming quarters. The timing of developing additional BKR Series products and bringing them to market could be impacted by various factors, including potential impacts related to our supply chain and the COVID-19 pandemic. BKR Series products, we believe, should increase our addressable market by expanding the number of federal and other public safety customers that may purchase our products. However, the timing and size of orders from agencies at all levels can be unpredictable and subject to budgets, priorities, and other factors. Accordingly, we cannot assure that sales will occur under particular contracts, or that our sales prospects will otherwise be realized.

As of the end of 2021, our current backlog of customer orders and the funnel of sales prospects is healthy and includes potential new customers in federal, state, and local public safety agencies. We believe the BKR series products, our expanded sales force, and our sales funnel, position us well to capture new sales opportunities moving forward.

The impacts of material shortages, lead-times and the COVID-19 pandemic in coming months and quarters is uncertain. Such effects have the potential to adversely impact our customers and our supply chain, which could adversely affect our future sales, operations, and financial results.

Cost of Products and Gross Profit Margin

Gross profit margins as a percentage of sales for 2021, were approximately 35.8%, compared with 40.8% (as adjusted) for the prior year.

Our cost of products and gross profit margins are primarily derived from material, labor and overhead costs, product mix, manufacturing volumes and pricing. Gross profit margins for the year ended December 31, 2021, decreased compared with the same period last year primarily due to increased material, component and freight costs related primarily to supply chain factors, as well as one-time inventory reserves related to our legacy product line, the KNG series.

We utilize a combination of internal manufacturing capabilities and contract manufacturing relationships for production efficiencies and to manage material and labor costs. While we anticipate continuing to do so in the future, we have increased, and are continuing to increase, our utilization of U.S.-based resources, which provides greater security and control over our production. We believe that our current manufacturing capabilities and contract relationships or comparable alternatives will continue to be available to us. Although in the future we may encounter new product cost and competitive pricing pressures, the extent of their impact on gross margins, if any, is uncertain.

During recent quarters, worldwide shortages of materials, including semiconductors and integrated circuits, have resulted in limited supplies and extended lead times for certain components used in our products. While, generally, we have been able to procure the material necessary to manufacture our products and fulfill customer orders, there have been delays, extended lead times and increased costs within our supply chain. While the progression and duration of these shortages is not known with certainty, they may last for several quarters or years. The impact on our operations of such shortages, or additional shortages that may surface, is uncertain, but could potentially impact our future sales, manufacturing operations and financial results.

Selling, General and Administrative Expenses

SG&A expenses consist of marketing, sales, commissions, engineering, product development, management information systems, accounting, headquarters, and non-cash share-based employee compensation expenses.

SG&A expenses for the year ended December 31, 2021, totaled approximately $17.5 million (38.5% of sales), compared with approximately $17.0 million (38.6% of sales) for the prior year.

Engineering and product development expenses for 2021 totaled approximately $8.1 million (17.9% of sales), compared with approximately $7.9 million (17.8% of sales) for the prior year. Engineering and product development expenses are primarily related to the continued design and development of BKR series, a new line of portable and mobile radios. These development activities are the main focus of our engineering team. The precise date for developing and introducing new products is uncertain and can be impacted by, among other things, supply chain shortages and the potential effects of the COVID-19 pandemic in coming months.

Marketing and selling expenses for the year ended December 31, 2021, totaled approximately $4.0 million (8.9% of sales), compared with approximately $4.2 million (9.5% of sales) for the prior year. The decrease in marketing and selling expenses for the year are attributed to staff-related and other sales and go-to-market expenses, which were partially offset by increased commissions.

General and administrative expenses for the year ended December 31, 2021, totaled approximately $5.4 million (11.7% of sales), compared with approximately $4.9 million (11.2% of sales) for the prior year. The increase in general and administrative expenses for the year is attributed primarily to corporate management and headquarters related expenses.

Operating (Loss) Income

For the year ended December 31, 2021, our operating loss totaled approximately $1.2 million (2.6% of sales), compared with operating income of approximately $1.0 million (2.3% of sales), (as adjusted), for the prior year. The operating loss for the year is attributed primarily to increased material and other cost of sales, which adversely impacted gross profit margins, and increased general and administrative expenses.

Other (Expense) Income

Interest (Expense) Income

We recorded net interest expense of approximately $53,000 for the year ended December 31, 2021, compared with approximately $8,000 for the prior year. Net interest expense was attributed primarily to equipment financing and our revolving credit facility.

Gain/Loss on Investment in Securities

For the year ended December 31, 2021, we recognized an unrealized loss of approximately $220,000 on our investment in FGF, compared with an unrealized loss of approximately $620,000 for the prior year.

Income Tax/(Expense) Benefit

We recorded an income tax expense of $187,000 for the year ended December 31, 2021, compared with income tax expense of $3,000 for the prior year.

Our income tax provision is based on the effective tax rate for the year. The tax expense in any period may be affected by, among other things, permanent, as well as temporary, differences in the deductibility of certain items, in addition to changes in tax legislation. As a result, we may experience fluctuations in the effective book tax rate (that is, tax expense divided by pre-tax book income) from period to period.

As of December 31, 2021, our net deferred tax assets totaled approximately $4.1 million, and were primarily derived from research and development tax credits, operating loss carryforwards and deferred revenue.

In order to fully utilize the net deferred tax assets, we will need to generate sufficient taxable income in future years. We analyze all positive and negative evidence to determine if, based on the weight of available evidence, we are more likely than not to realize the benefit of the net deferred tax assets. The recognition of the net deferred tax assets and related tax benefits is based upon our conclusions regarding, among other considerations, estimates of future earnings based on information currently available and current and anticipated customers, contracts, and product introductions, as well as historical operating results and certain tax planning strategies.

Based on our analysis of all available evidence, both positive and negative, we have concluded that we do not have the ability to generate sufficient taxable income in the necessary period to utilize the entire benefit for the deferred tax assets. Accordingly, we established a valuation allowance of $610,000. We cannot presently estimate what, if any, changes to the valuation of our deferred tax assets may be deemed appropriate in the future. If we incur future losses, it may be necessary to record additional valuation allowance related to the deferred tax assets recognized as of December 31, 2021.

Liquidity and Capital Resources

For the year ended December 31, 2021, net cash used in operating activities totaled approximately $6.3 million, compared with cash provided by operating activities of approximately $4.4 million (as adjusted) for the prior year. Cash used in operating activities for the year was primarily related to a net loss, increased inventory, and increases in accounts receivable, which were partially offset by increased accounts payable and depreciation and amortization.

For 2021, we had a net loss of approximately $1.7 million, compared with net income of approximately $194,000 (as adjusted) for the prior year. Net inventories increased during the year ended December 31, 2021, by approximately $6.4 million (as adjusted), compared with a decrease of approximately $4.1 million (as adjusted) for the prior year. The increase was primarily attributable to extended supply-chain lead times, which impacted material purchases and sales shipments, as well as material for planned new product introductions. Accounts receivable increased approximately $1.8 million during the year ended December 31, 2021, primarily due to the timing of sales that were consummated later in the year that had not yet completed their collection cycle. For the same period last year, accounts receivable increased approximately $2.5 million. Accounts payable for the year ended December 31, 2021, increased approximately $0.8 million, compared with a decrease of approximately $191,000 for the prior year, primarily due to the timing of purchases from suppliers. Depreciation and amortization totaled approximately $1.4 million for the year ended December 31, 2021, compared with approximately $1.3 million for the prior year. Depreciation and amortization are primarily related to manufacturing and engineering equipment.

Cash used in investing activities for the year ended December 31, 2021, totaled approximately $2.3 million, primarily for manufacturing and engineering related equipment. For the prior year, cash used in investing activities totaled approximately $946,000, primarily for engineering and manufacturing related equipment.

For the year ended December 31, 2021, cash of approximately $12.4 million was provided by financing activities. In June we closed a public offering of our common stock, generating net proceeds of approximately $11.6 million. During the year, we received proceeds of approximately $5.7 million from our revolving credit facility and from financing related to the purchase of manufacturing equipment. This was partially offset by loan repayments of approximately $3.7 million. For the same period last year, we received proceeds totaling approximately $2.2 million under the Paycheck Protection Program, which were repaid in full within the same period. We used cash of approximately $1.2 million and $1.0 million to pay quarterly dividends for the years ended December 31, 2021 and 2020, respectively. During the first quarter of 2020, we also used approximately $269,000 for stock repurchases.

On January 31, 2022, our revolving credit facility, which originated on January 30, 2020, was extended for one year, through January 31, 2023.

BK Technologies, Inc., our wholly owned subsidiary, entered into the $5 million Credit Agreement with JPMC. The Credit Agreement provides for a revolving line of credit of up to $5 million, with availability under the line of credit subject to a borrowing base calculated as a percentage of accounts receivable and inventory. Proceeds of borrowings under the Credit Agreement may be used for general corporate purposes. The line of credit is collateralized by a blanket lien on all personal property of BK Technologies, Inc. pursuant to the terms of the Continuing Security Agreement with JPMC. BK Technologies Corporation and each subsidiary of BK Technologies, Inc., are guarantors of the obligations under the Credit Agreement, in accordance with the terms of the Continuing Guaranty.

Borrowings under the Credit Agreement will bear interest at the secured overnight financing rate plus a margin of 2.0%. The line of credit is to be repaid in monthly payments of interest only, payable in arrears, with all outstanding principal and interest to be payable in full at maturity.

The Credit Agreement contains certain customary restrictive covenants, including restrictions on liens, indebtedness, loans and guarantees, acquisitions and mergers, sales of assets, and stock repurchases by BK Technologies, Inc. The Credit Agreement contains one financial covenant requiring BK Technologies, Inc., to maintain a tangible net worth of at least $20 million at any fiscal quarter end.

The Credit Agreement provides for customary events of default, including: (1) failure to pay principal, interest or fees under the Credit Agreement when due and payable; (2) failure to comply with other covenants and agreements contained in the Credit Agreement and the other documents executed in connection therewith; (3) the making of false or inaccurate representations and warranties; (4) defaults under other agreements with JPMC or under other debt or other obligations of BK Technologies, Inc.; (5) money judgments and material adverse changes; (6) a change in control or ceasing to operate business in the ordinary course; and (7) certain events of bankruptcy or insolvency. Upon the occurrence of an event of default, JPMC may declare the entire unpaid balance immediately due and payable and/or exercise any and all remedial and other rights under the Credit Agreement.

BK Technologies, Inc. was in compliance with all covenants under the Credit Agreement as of December 31, 2021, and the date of filing this report. As of December 31, 2021, and the date of filing this report, approximately $1.5 million in borrowings were outstanding under the Credit Agreement.

On April 6, 2021, BK Technologies, Inc., a wholly owned subsidiary of BK Technologies Corporation, and JPMC, as a lender, entered into a Master Loan Agreement in the amount of $743,000 to finance various items of manufacturing equipment. The loan is collateralized by the equipment purchased using the proceeds. The Master Loan Agreement is payable in 48 equal monthly principal and interest payments of approximately $16,000 beginning on May 8, 2021, matures on April 8, 2025, and bears a fixed interest rate of 3.0%.

Our cash and cash equivalents balance at December 31, 2021, was approximately $10.6 million. We believe these funds, combined with anticipated cash generated from operations and borrowing availability under our Credit Agreement, are sufficient to meet our working capital requirements for the foreseeable future. We may, depending on a variety of factors, including market conditions for capital raises, the trading price of our common stock and opportunities for uses of any proceeds, engage in public or private offerings of equity or debt securities to increase our capital resources. However, financial and economic conditions, including those resulting from supply chain delays or interruptions and the COVID-19 pandemic, could limit our access to credit and impair our ability to raise capital, if needed, on acceptable terms or at all. We also face other risks that could impact our business, liquidity, and financial condition. For a description of these risks, see “Item 1A. Risk Factors” set forth in this report.

Recently Adopted Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, “Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement,” which modifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, including the removal of certain disclosure requirements. The amendments in the ASU are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption was permitted upon issuance of the ASU. The Company adopted this guidance as of January 1, 2020, and the adoption did not have an impact on its consolidated financial statements.

Recent Accounting Pronouncements

The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

Critical Accounting Policies and Estimates

Our revenue recognition process and our more subjective accounting estimation processes affect our reported revenues and current assets and are, therefore, critical in assessing our financial and operating status. The processes for determining the allowance for collection of trade receivables, allowance for slow-moving, excess and obsolete inventory, allowance for product warranty, and income taxes involve certain assumptions that, if incorrect, could create an adverse impact on our operations and financial position.

Allowance for Doubtful Accounts

The allowance for doubtful accounts was approximately $50,000 on gross trade receivables of approximately $8.3 million as of December 31, 2021, as compared with $50,000 on gross trade receivables of approximately $6.5 million as of December 31, 2020. This allowance is used to state trade receivables at a net realizable value or the amount that we estimate will be collected on our gross receivables as of December 31, 2021 and 2020. Because the amount that we will actually collect on the receivables outstanding as of December 31, 2021 and 2020 cannot be known with certainty, we rely on prior experience. Our historical collection losses have typically been infrequent, with write-offs of trade receivables being significantly less than 1% of sales during past years. Accordingly, we have maintained a general allowance of up to approximately 5% of the gross trade receivables balance in order to allow for future collection losses that arise from customer accounts that do not indicate the inability to pay but turn out to have such an inability. Currently, our general allowance on trade receivables is approximately 0.6% of gross receivables. As revenues and total receivables increase, the allowance balance may also increase. We also maintain a specific allowance for customer accounts that we know may not be collectible due to various reasons, such as bankruptcy and other customer liquidity issues. We analyze our trade receivables portfolio based on the age of each customer's invoice. In this way, we can identify those accounts that are more likely than not to have collection problems. We may reserve a portion or all of the customer's balance. As of December 31, 2021 and 2020, we had no specific allowance on trade receivables.

Slow-moving, Excess and Obsolete Inventory

The allowance for slow-moving, excess and obsolete inventory was approximately $1.3 million and $588,000 (as adjusted) at December 31, 2021 and 2020, respectively.

The allowance for slow-moving, excess, and obsolete inventory is used to state our inventories at the lower of cost or net realizable value. Because the amount of inventory that we will actually recoup through sales cannot be known with certainty at any particular time, we rely on past sales experience, future sales forecasts and our strategic business plans. Generally, in analyzing our inventory levels, we classify inventory as having been used or unused during the past year and establish an allowance based upon several factors, including, but not limited to, business forecasts, inventory quantities and historical usage profile. Supplemental to the aforementioned analysis, specific inventory items are reviewed individually by management. Based on the review, considering business levels, future prospects, new products and technology changes, management, using its business judgment, may adjust the valuation of specific inventory items to reflect an accurate valuation estimate. Management also performs a determination of net realizable value for all finished goods with a selling price below cost. For all such items, the inventory is valued at not more than the selling price less cost, if any, to sell.

Allowance for Product Warranty

We offer two-year standard warranties to our customers, depending on the specific product and terms of the customer purchase agreement. Our typical warranties require us to repair and replace defective products during the warranty period at no cost to the customer. At the time the product revenue is recognized, we record a liability for estimated costs under our warranties. The costs are estimated based on historical experience. We periodically assess the adequacy of our recorded liability for product warranties and adjust the amount as necessary.

Income Taxes

We account for income taxes using the asset and liability 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 the enacted tax rates expected to apply in the period in which the deferred tax asset or liability is expected to be realized. The effect of changes in net deferred tax assets and liabilities is recognized on our consolidated balance sheets and consolidated statements of operations in the period in which the change is recognized. Valuation allowances are provided to the extent that it is more likely than not that some portion, or all, of deferred tax assets will not be realized. In determining whether a tax asset is realizable, we consider, among other things, estimates of future earnings based on information currently available, current and anticipated customers, contracts and new product introductions, as well as recent operating results and certain tax planning strategies. If we fail to achieve the future results anticipated in the calculation and valuation of net deferred tax assets, we may be required to increase the valuation allowance related to our deferred tax assets in the future.

Forward-Looking Statements

We believe that it is important to communicate our future expectations to our security holders and to the public. This report, therefore, 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, including the statements about our plans, objectives, expectations and prospects under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." You can expect to identify these statements by forward-looking words such as "may," "might," "could," "would," "should," "will," "anticipate," "believe," "plan," "estimate," "project," "expect," "intend," "seek," "are encouraged" and other similar expressions. Any statement contained in this report that is not a statement of historical fact may be deemed to be a forward-looking statement. Forward-looking statements include, but are not limited to, the following: changes or advances in technology; the success of our LMR product line; successful introduction of new products and technologies, including our ability to successfully develop and sell our anticipated new multiband product and other related products in the planned new BKR Series product line; competition in the LMR industry; general economic and business conditions, including federal, state and local government budget deficits and spending limitations and any impact from a prolonged shutdown of the U.S. Government; the availability, terms and deployment of capital; reliance on contract manufacturers and suppliers; risks associated with fixed-price contacts; 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 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; 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.

Although we believe that the plans, objectives, expectations and prospects reflected in or suggested by our forward-looking statements are reasonable, those statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements, and we can give no assurance that our plans, objectives, expectations and prospects will be achieved.

Important factors that might cause our actual results to differ materially from the results contemplated by the forward-looking statements are contained in "Part I-Item 1A. Risk Factors" and elsewhere in this report and in our subsequent filings with the SEC. We assume no obligation to publicly update or revise any forward-looking statements made in this report, whether as a result of new information, future events, changes in assumptions or otherwise, after the date of this report. Readers are cautioned not to place undue reliance on these forward-looking statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not required for smaller reporting companies.

Item 8. Financial Statements and Supplementary Data

See the Consolidated Financial Statements included in this report.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
BK Technologies Corporation
West Melbourne, Florida

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of BK Technologies Corporation (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As disclosed in Notes 1 and 2 to the consolidated financial statement, effective July 1, 2021, the Company elected to change its method of accounting for inventory to apply material burden to purchased material at the time of purchase receipts. Prior to July 1, 2021, the Company applied the material burden at the time of the inventory was issued to work in progress.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. 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 U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the 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 a part of our 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 Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below 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. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for slow-moving, excess, and obsolete inventory

As disclosed in Note 1 of the Company's consolidated financial statements, the Company records an estimated allowance for slow-moving, excess, and obsolete inventory to state the Company's inventories at the lower of cost or net realizable value. The Company relies on, among other things, past usage/sales experience, future sales forecasts, and its strategic business plan to develop the estimate. As a result of management's assessment, the Company recorded an allowance for slow-moving, excess, and obsolete inventory of approximately $1,288,000 as of December 31, 2021.

Auditing management's estimate of the allowance for slow-moving, excess, and obsolete inventory involved subjective evaluation and high degree of auditor judgement due to significant assumptions involved in estimating future inventory turnover and sales.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. We obtained an understanding and evaluated the design of internal controls that address the risks of material misstatement relating to recording inventory at the lower of cost or net realizable value. We tested the accuracy and completeness of the underlying data used in calculating the allowance, including testing of a sample of inventory usage transactions, and recomputed the allowance calculation. We also evaluated the Company's ability to accurately estimate the assumptions used to develop the estimate by comparing historical allowance amounts to the history of actual inventory write-offs. Furthermore, we reviewed management's business plan and forecasts of future sales, including expected changes in technology and product lines.

Assessment of Realizability of deferred tax assets

As disclosed in Note 8 of the Company's consolidated financial statements, the Company records and measures net deferred tax assets based on estimated realizability. Valuation allowances are provided to the extent that it is more likely than not that some portion, or all, of deferred tax assets will not be realized. The Company recorded approximately $4,116,000 in net deferred tax assets after recording a valuation allowance of approximately $610,000 as of December 31, 2021.

Auditing management's assessment of the realizability of deferred tax assets involved subjective estimation and high degree of auditor judgment in determining whether sufficient future taxable income, including projected pre-tax income, will be generated to support the realization of the existing deferred tax assets before expiration.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. We obtained an understanding and evaluated the design of internal controls that address the risks of material misstatement relating to the realizability of deferred tax assets, including controls over management's projections of pre-tax income, and related entity-level controls. We also evaluated the assumptions used by the Company to develop projections of future taxable income, and tested the completeness and accuracy of the underlying data used in the projections, including comparing the projections of pre-tax income with the actual results of prior periods. In addition, we analyzed the nature of items giving rise to deferred tax assets and considered related expiration dates, as applicable. Furthermore, we evaluated management's business plan and analysis of current economic and industry trends, including the impact of the COVID-19 pandemic, and compared projections of future pre-tax income to other forecasted financial information prepared by management.

/s/ MSL, P.A.

We have served as the Company's auditor since 2015.

Orlando, Florida
March 17, 2022

BK TECHNOLOGIES CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 31, 2021	December 31, 2020 *
ASSETS		
Current assets:		
Cash and cash equivalents	$ **10,580**	$ 6,826
Trade accounts receivable, net	**8,229**	6,466
Inventories, net	**16,978**	10,545
Prepaid expenses and other current assets	**1,634**	1,878
Total current assets	**37,421**	25,715
Property, plant and equipment, net	**4,556**	3,566
Right-of-use (ROU) asset	**2,399**	2,887
Investment in securities	**1,795**	2,014
Deferred tax assets, net	**4,116**	4,300
Other assets	**98**	112
Total assets	$ **50,385**	$ 38,594
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ **5,883**	$ 5,119
Accrued compensation and related taxes	**1,099**	1,635
Accrued warranty expense	**533**	791
Accrued other expenses and other current liabilities	**938**	**307**
Dividends payable	505	250
Short-term lease liability	**447**	525
Credit facility	**1,470**	—
Notes payable-current portion	**267**	82
Deferred revenue	**1,045**	757
Total current liabilities	**12,187**	9,466
Notes payable, net of current portion	**605**	247
Long-term lease liability	**2,269**	2,702
Deferred revenue	2,706	2,551
Total liabilities	**17,767**	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; 50,000,000 authorized shares; 18,298,999 and 13,962,366 issued and 16,848,599 and 12,511,966 outstanding shares at December 31, 2021, and 2020, respectively	**10,979**	8,377
Additional paid-in capital	**35,862**	26,346
Accumulated deficit	**(8,821)**	(5,693)
Treasury stock, at cost, 1,450,400 shares at December 31, 2021, and 2020, respectively	**(5,402)**	(5,402)
Total stockholders' equity	**32,618**	23,628
Total liabilities and stockholders' equity	$ **50,385**	$ 38,594

See notes to consolidated financial statements.

* The amounts for the year ended December 31, 2020, have been adjusted to reflect the change in inventory accounting method, as described in Notes 1 and 2 to the Consolidated Financial Statements

BK TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Years Ended December 31,	
	2021	2020 *
Sales, net	**$ 45,364**	**$ 44,139**
Expenses		
Cost of products	**29,103**	26,109
Selling, general and administrative	**17,457**	17,036
Total expenses	**46,560**	43,145
Operating (loss) income	**(1,196)**	994
Other (expense) income:		
Net interest (expense)	(53)	(8)
Gain on disposal of property, plant, and equipment	**40**	—
(Loss) on investment in securities	**(219)**	(620)
Other (expense)	**(86)**	(169)
Total other (expense)	**(318)**	(797)
(Loss) income before income taxes	**(1,514)**	197
Income tax (expense)	**(187)**	(3)
Net (loss) income	**$ (1,701)**	$ 194
Net (loss) income per share-basic	$ (0.11)	$ 0.02
Net (loss) income per share-diluted	**$ (0.11)**	$ 0.02
Weighted average shares outstanding-basic	**14,941**	12,553
Weighted average shares outstanding-diluted	**14,941**	12,561

See notes to consolidated financial statements.

* The amounts for the year ended December 31, 2020, have been adjusted to reflect the change in inventory accounting method, as described in Notes 1 and 2 to the Consolidated Financial Statements

BK TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share and per share data)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Total
Balance at December 31, 2019	13,929,381	$ 8,357	$ 26,095	$ (6,043)	$ (5,133)	$23,276
Change in inventory accounting method	—	—	—	**1,158**	—	1,158
Balance as of January 1, 2020*	13,929,381	8,357	26,095	(4,885)	—	24,434
Common stock issued-restricted stock units	32,985	20	(20)	—	—	—
Share-based compensation expense-stock options	—	—	129	—	—	129
Shared-based compensation expense-restricted stock units	—	—	142	—	—	142
Dividends declared ($0.08 per share)	—	—	—	(1,002)	—	(1,002)
Net income	—	—	—	194	—	194
Repurchased of common stock	—	—	—	—	(269)	(269)
Balance at December 31, 2020*	13,962,366	8,377	26,346	(5,693)	(5,402)	23,628
Common stock issued net of issuance cost	4,249,250	2,549	9,010	—	—	11,559
Common stock issued-restricted stock units	87,383	53	(53)			—
Share-based compensation expense-stock options	—	—	253	—	—	253
Shared-based compensation expense-restricted stock units	—	—	306	—	—	306
Dividends declared ($0.09 per share)	—	—	—	(1,427)	—	(1,427)
Net loss	—	—	—	(1,701)	—	(1,701)
Balance at December 31, 2021	18,298,999	$ 10,979	$ 35,862	$ (8,821)	$ (5,402)	$32,618

See notes to consolidated financial statements.

* The amounts for the year ended December 31, 2020, have been adjusted to reflect the change in inventory accounting method, as described in Notes 1 and 2 to the Consolidated Financial Statements

BK TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,	
	2021	2020 *
Operating activities		
Net (loss) income	**$ (1,701)**	**$ 194**
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Inventory allowance	**700**	194
Deferred tax expense	**184**	73
Depreciation and amortization	**1,394**	1,344
Share-based compensation expense -stock options	**253**	129
Share-based compensation expense-restricted stock units	**306**	142
Unrealized loss on investment in securities	**219**	620
(Gain) on sale of equipment	**(40)**	—
Changes in operating assets and liabilities:		
Trade accounts receivable	**(1,763)**	(2,502)
Inventories	**(7,133)**	3,932
Prepaid expenses and other current assets	**244**	(145)
Other assets	**14**	84
ROU Assets and Lease Liabilities	**(23)**	250
Accounts payable	**764**	(191)
Accrued compensation and related taxes	**(536)**	364
Accrued warranty expense	**(258)**	(457)
Deferred revenue	**443**	585
Accrued other expenses and other current liabilities	**631**	(172)
Net cash (used in) provided by operating activities	**(6,302)**	4,444
Investing activities		
Proceed from the sale of property, plant, and equipment	72	—
Purchases of property, plant and equipment	(2,416)	(946)
Net cash used in investing activities	**(2,344)**	(946)
Financing activities		
Dividends paid	(1,172)	(1,002)
Repurchase of common stock	—	(269)
Proceeds from issuance of common stock, net of costs	**11,559**	—
Proceeds from credit facility and notes payable	5,743	2,196
Repayment of credit facility and notes payable	**(3,730)**	(2,273)
Net cash provided by (used in) financing activities	**12,400**	(1,348)
Net change in cash and cash equivalents	**3,754**	2,150
Cash and cash equivalents, beginning of year	**6,826**	4,676
Cash and cash equivalents, end of year	**$ 10,580**	$ 6,826
Supplemental disclosure		
Interest paid	**$ 53**	$ 22
Non-cash financing activity		
Common Stock issued under restricted stock units	$ 298	$ 128

See notes to consolidated financial statements.

* The amounts for the year ended December 31, 2020, have been adjusted to reflect the change in inventory accounting method, as described in Notes 1 and 2 to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Description of Business

BK Technologies Corporation (collectively with its subsidiaries, the "Company") is a holding company. The primary business of its wholly-owned operating subsidiary, BK Technologies, Inc., is the designing, manufacturing and marketing of wireless communications equipment primarily consisting of two-way land mobile radios and related products, which are sold in two primary markets: (1) the government and public safety market, and (2) the business and industrial market. The Company has only one reportable business segment.

On March 28, 2019, BK Technologies, Inc., the predecessor of BK Technologies Corporation, implemented a holding company reorganization, which resulted in BK Technologies Corporation becoming the direct parent company of, and the successor issuer to, BK Technologies, Inc. For the purpose of this report, references to the "Company" or its management or business at any period prior to the holding company reorganization (March 28, 2019) refer to those of BK Technologies, Inc. as the predecessor company and its subsidiaries and thereafter to those of BK Technologies Corporation and its subsidiaries, except as otherwise specified or to the extent the context otherwise indicates.

Principles of Consolidation

The accounts of the Company have been included in the accompanying consolidated financial statements. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company consolidates entities in which it has a controlling financial interest. The Company determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a variable interest entity ("VIE") or a voting interest entity.

VIEs are entities in which (i) the total equity investment at risk is not sufficient to enable the entity to finance its activities independently, or (ii) the at-risk equity holders do not have the normal characteristics of a controlling financial interest. A controlling financial interest in a VIE is present when an enterprise has one or more variable interests that have both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The enterprise with a controlling financial interest is the primary beneficiary and consolidates the VIE.

Voting interest entities lack one or more of the characteristics of a VIE. The usual condition for a controlling financial interest is ownership of a majority voting interest for a corporation or a majority of kick-out or participating rights for a limited partnership.

When the Company does not have a controlling financial interest in an entity but exerts significant influence over the entity's operating and financial policies (generally defined as owning a voting or economic interest of between 20% to 50%), the Company's investment is accounted for under the equity method of accounting. If the Company does not have a controlling financial interest in, or exert significant influence over, an entity, the Company accounts for its investment at fair value, if the fair value option was elected, or at cost.

The Company has an investment in FG Financial Group, Inc. (formerly 1347 Property Insurance Holdings, Inc.), made through FGI 1347 Holdings, LP, a consolidated VIE (see Note 6).

Inventories

Inventories are stated at the lower of cost (determined by the average cost method) or net realizable value. Freight costs are classified as a component of cost of products in the accompanying consolidated statements of operations.

The allowance for slow-moving, excess, and obsolete inventory is used to state the Company's inventories at the lower of cost or net realizable value. Because the amount of inventory that will actually be recouped through sales cannot be known with certainty at any particular time, the Company relies on past sales experience, future sales forecasts, and its strategic business plans. Generally, in analyzing inventory levels, inventory is classified as having been used or unused during the past year. The Company then establishes an allowance based upon several factors, including, but not limited to, business forecasts, inventory quantities and historic usage profile.

Supplemental to the aforementioned analysis, specific inventory items are reviewed individually by management. Based on the review, considering business levels, future prospects, new products and technology changes, management, using its business judgment, may adjust the valuation of specific inventory items to reflect an accurate valuation estimate. Management also performs a determination of net realizable value for all finished goods with a selling price below cost. For all such items, the inventory is valued at not more than the selling price less cost, if any, to sell.

Property, Plant and Equipment

Property, plant and equipment is carried at cost less accumulated depreciation. Expenditures for maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reflected in operations for the period.

Depreciation and amortization are generally computed on the straight-line method using lives of 3 to 10 years for machinery and equipment and 5 to 8 years for leasehold improvements.

Impairment of Long-Lived Assets

Management regularly reviews long-lived assets and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds their fair value, which considers the discounted future net cash flows. No long-lived assets were considered impaired at December 31, 2021 and 2020.

Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The Company records an allowance for doubtful accounts based on specifically identified amounts that the Company believes to be uncollectible. The Company also records an additional allowance based on certain percentages of the Company's aged receivables, which are determined based on historical experience and the Company's assessment of the general financial conditions affecting the Company's customer base. If the Company's actual collections experience changes, revisions to the Company's allowance may be required. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available, management believes the allowance for doubtful accounts as of December 31, 2021 and 2020 is adequate.

Revenue Recognition

The Company recognizes revenues in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers" and the additional related ASUs ("ASC 606"), which replaced previous revenue guidance and outlines a single set of comprehensive principles for recognizing revenue under accounting principles generally accepted in the United States of America ("GAAP"). These standards provide guidance on recognizing revenue, including a five-step method to determine when revenue recognition is appropriate:

Step 1: Identify the contract with the customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations; and

Step 5: Recognize revenue as the Company satisfies a performance obligation.

ASC 606 provides that sales revenue is recognized when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The Company generally satisfies performance obligations upon shipment of the product or service to the customer. This is consistent with the time in which the customer obtains control of the product or service. For extended warranties, sales revenue associated with the warranty is deferred at the time of sale and later recognized on a straight-line basis over the extended warranty period. Some contracts include installation services, which are completed in a short period of time and the revenue is recognized when the installation is complete. Customary payment terms are granted to customers, based on credit evaluations. Currently, the Company does not have any contracts where revenue is recognized, but the customer payment is contingent on a future event.

The Company periodically reviews its revenue recognition procedures to assure that such procedures are in accordance with GAAP. Surcharges collected on certain sales to government customers and remitted to governmental agencies are not included in revenues or in costs and expenses.

Income Taxes

The Company accounts for income taxes using the asset and liability method specified by GAAP. 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 the enacted tax rates expected to apply in the period in which the deferred tax asset or liability is expected to be realized. The effect of changes in net deferred tax assets and liabilities is recognized on the Company's consolidated balance sheets and consolidated statements of operations in the period in which the change is recognized. Valuation allowances are provided to the extent that impairment of tax assets is more likely than not. In determining whether a tax asset is realizable, the Company considers, among other things, estimates of future earnings based on information currently available, current and anticipated customers, contracts and new product introductions, as well as recent operating results and certain tax planning strategies. If the Company fails to achieve the future results anticipated in the calculation and valuation of net deferred tax assets, the Company may be required to increase the valuation allowance related to its deferred tax assets in the future.

Concentration of Credit Risk

The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. At December 31, 2021 and 2020, accounts receivable from governmental customers were approximately $1,500 and $2,102, respectively. Generally, receivables are due within 30 days. Credit losses relating to customers have been consistently within management's expectations.

The Company primarily maintains cash balances at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250. From time to time, the Company has had cash in financial institutions in excess of federally insured limits. As of December 31, 2021, the Company had cash and cash equivalents in excess of FDIC limits of $10,401.

Manufacturing and Raw Materials

The Company relies upon a limited number of manufacturers to produce its products and on a limited number of component suppliers. Some of these manufacturers and suppliers are in other countries. Approximately 32.4% of the Company's material, subassembly and product procurements in 2021 were sourced internationally, of which approximately 31.0% were sourced from seven suppliers. For 2020, approximately 53.0% of the Company's material, subassembly and product procurements were sourced internationally, of which approximately 48.0% were sourced from three suppliers. Purchase orders denominated in U.S. dollars are placed with these suppliers from time to time and there are no guaranteed supply arrangements or commitments.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of sales and expenses during the reporting period. Significant estimates include accounts receivable allowances, inventory obsolescence allowance, warranty allowance, and income tax accruals. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, trade accounts receivable, investment in securities, accounts payable, accrued expenses, notes payable, and other liabilities. As of December 31, 2021 and 2020, the carrying amount of cash and cash equivalents, trade accounts receivable, accounts payable, accrued expenses, notes payable, and other liabilities approximated their respective fair value due to the short-term nature and maturity of these instruments.

The Company uses observable market data assumptions (Level 1 inputs, as defined in accounting guidance) that it believes market participants would use in pricing investment in securities.

Shipping and Handling Costs

Shipping and handling costs are classified as a part of cost of products in the accompanying consolidated statements of operations. Amounts billed to a customer, if any, for shipping and handling are reported as revenue.

Advertising and Promotion Costs

The cost for advertising and promotion is expensed as incurred. Advertising and promotion expenses are classified as part of selling, general and administrative ("SG&A") expenses in the accompanying consolidated statements of operations. For the years ended December 31, 2021 and 2020, such expenses totaled $243 and $214, respectively.

Engineering, Research and Development Costs

Included in SG&A expenses for the years ended December 31, 2021 and 2020 are engineering, research and development costs of $8,203 and $7,869, respectively.

Share-Based Compensation

The Company accounts for share-based arrangements in accordance with GAAP, which requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which the employee is required to provide service in exchange for the award requisite service period (usually the vesting period). No compensation cost is recognized for equity instruments for which employees do not render the requisite service.

Restricted Stock Units

On December 17, 2021, upon the resignation of former director John Struble, the company, at the direction of the Board of Directors, accelerated the vesting of Mr. Struble's unvested restricted stock units granted September 6, 2018, September 6, 2019, August 24, 2020, and July 30, 2021, and issued 34,264 shares of common stock to Mr. Struble.

On July 30, 2021, the Company granted to each non-employee director restricted stock units with a grant-date fair value of $50 per award (resulting in total aggregate grant-date fair value of $250), which will vest in five equal, annual installments beginning with the first anniversary of the grant date, subject to the director's continued service through such date, provided that, if the director makes himself available and consents to be nominated by the Company for continued service as a director, but is not nominated for the Board for election by stockholders, other than for good reason, as determined by the Board in its discretion, then the restricted stock units shall vest in full as of the director's last date of service as a director of the Company.

On March 4, 2021, upon the resignation of former director Lewis Johnson, the Company, at the direction of the Board of Directors, accelerated the vesting of Mr. Johnson's unvested restricted stock units granted September 6, 2018, September 6, 2019, and August 24, 2020, and issued 24,505 shares of common stock to Mr. Johnson.

On August 24, 2020, the Company granted to each non-employee director restricted stock units with a grant-date fair value of $40 per award (resulting in total aggregate grant-date fair value of $240), which will vest in five equal, annual installments beginning with the first anniversary of the grant date, subject to the director's continued service through such date, provided that, if the director makes himself available and consents to be nominated by the Company for continued service as a director, but is not nominated for the Board for election by stockholders, other than for good reason, as determined by the Board in its discretion, then the restricted stock units shall vest in full as of the director's last date of service as a director of the Company.

On April 24, 2020, upon the resignation of former director Ryan Turner, the Company, at the direction of the Board of Directors, accelerated the vesting of Mr. Turner's unvested restricted stock units granted September 6, 2019 and issued 10,389 shares of common stock.

On September 6, 2019, the Company granted to each non-employee director restricted stock units with a grant-date fair value of $40 per award (resulting in total aggregate grant-date fair value of $280), which will vest in five equal, annual installments beginning with the first anniversary of the grant date, subject to the director's continued service through such date, provided that, if the director makes himself available and consents to be nominated by the Company for continued service as a director, but is not nominated for the Board for election by stockholders, other than for good reason, as determined by the Board in its discretion, then the restricted stock units shall vest in full as of the director's last date of service as a director of the Company.

On September 6, 2018, the Company granted to each non-employee director restricted stock units with a grant-date fair value of $20 per award (resulting in total aggregate grant-date fair value of $140), which vest in five equal, annual installments beginning with the first anniversary of the grant date, subject to the director's continued service through such date, provided that, if the director makes himself available and consents to be nominated by the Company for continued service as a director, but is not nominated for the Board for election by stockholders, other than for good reason, as determined by the Board in its discretion, then the restricted stock units vest in full as of the director's last date of service as a director of the Company. On September 6, 2019, which was the first anniversary of the grant date, the first tranche of the September 2018 restricted stock units vested. On April 24, 2020, upon the resignation of Mr. Turner, the Company accelerated the vesting of Mr. Turner's unvested restricted stock units granted September 6, 2018 and issued 4,050 shares of common stock.

Earnings (Loss) Per Share

Earnings (loss) per share amounts are computed and presented for all periods in accordance with GAAP.

Comprehensive Income (loss)

Comprehensive income (loss) was equal to net income (loss) for the years ended December 31, 2021 and 2020.

Product Warranty

The Company offers two-year standard warranties to its customers, depending on the specific product and terms of the customer purchase agreement. The Company's typical warranties require it to repair and replace defective products during the warranty period at no cost to the customer. At the time the product revenue is recognized, the Company records a liability for estimated costs under its warranties. The costs are estimated based on historical experience. The Company periodically assesses the adequacy of its recorded liability for product warranties and adjusts the amount as necessary.

Recently Adopted Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, "Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement," which modifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, including the removal of certain disclosure requirements. The amendments in the ASU are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company adopted this guidance as of January 1, 2020, and the adoption did not have an impact on its consolidated financial statements.

Recent Accounting Pronouncements

The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

Change in Accounting Principle

As disclosed in Note 2, on July 1, 2021, the Company changed its accounting to burden the material at the time of purchase receipts. Prior to July 1, 2021, the Company applied the material burden at the time the inventory was issued to work in progress. This change resulted in a net increase of approximately $ 1,300 in inventory and a net decrease of $ 1,300 in accumulated deficit as of July 1, 2021.

The accounting change did not have a material effect on the loss from operations, net loss, or earnings per share for year ended December 31, 2021.

2. Inventories, net

On July 1, 2021, the Company changed its accounting for inventory to burden the material at the time of purchase receipts. Prior to July 1, 2021, the Company applied the material burden at the time the inventory was issued to work in progress. The Company believes that this method improves financial reporting by better reflecting the current value of inventory on the consolidated balance sheets, by providing better matching of revenues and expenses.

The fiscal 2020 financial statements have been retrospectively adjusted to apply the new inventory change. The cumulative effect of this change on periods prior to those presented herein resulted in a net decrease in accumulated deficit of approximately $1,158 as of January 1, 2020.

Inventories, which are presented net of allowance for slow-moving, excess, and obsolete inventory, consisted of the following:

	December 31,	
	2021	2020 (as adjusted)
Finished goods	**$ 2,335**	$ 2,206
Work in process	**4,527**	3,672
Raw materials	**10,116**	4,667
	$ 16,978	$ 10,545

Changes in the allowance for slow-moving, excess, and obsolete inventory are as follows:

	Years Ended December 31,	
	2021	2020 (as adjusted)
Balance, beginning of year	$ 588	$ 823
Charged to cost of sales	700	194
Disposal of inventory	—	(429)
Balance, end of year	$ 1,288	$ 588

For the year ended December 31, 2020, the Company wrote off obsolete inventory that had been fully allowed for previously, which had no material impact to the Company's consolidated balance sheets or consolidated statements of operations.

As a result of the retrospective application of this change in accounting method, the following financial statement line items within the accompanying fiscal 2020 Consolidated financial statements were adjusted as follows:

	As Originally Reported ($)	**Effect of Change ($)**	**As Reported under Change in Accounting Principle ($)**
Consolidated Balance Sheets			
Assets			
Inventories, net as of December 31, 2020	9,441	1,104	10,545
Liabilities & Shareholders' Equity			
Accumulated deficit as of December 31, 2020	(6,797)	1,104	(5,693)
Consolidated Income Statements			
Cost of goods sold:			
Year ended December 31, 2020	26,055	54	26,109
Income before income taxes:			
Year ended December 31, 2020	251	(54)	197
Net income:			
Year ended December 31, 2020	248	(54)	194
Net income per share-basic and diluted:			
Year ended December 31, 2020	0.02	—	0.02
Consolidated Statements of Cash Flows			
Net income as of December 31, 2020	248	(54)	194
Inventories allowance	126	68	194
Inventories	3,946	(14)	3,932

3. Allowance for Doubtful Accounts

Changes in the allowance for doubtful accounts are composed of the following:

	Years Ended December 31,	
	2021	2020
Balance, beginning of year	$ 50	$ 50
Provision for doubtful accounts	—	—
Uncollectible accounts written off	—	—
Balance, end of year	$ 50	$ 50

4.Property, Plant and Equipment, net

Property, plant and equipment, net include the following:

	December 31,	
	2021	2020
Leasehold improvements	$ 586	$ 727
Machinery and equipment	14,120	11,971
Gross Property, Plant, and Equipment	14,706	12,698
Less accumulated depreciation and amortization	(10,150)	(9,132)
Property, plant and equipment, net	$ 4,566	$ 3,566

Depreciation and amortization expense relating to property, plant and equipment for the years ended December 31, 2021 and 2020 was approximately $1,394 and $1,344, respectively. During the year ended 31, 2020, the company removed from its records approximately $1,400 of fully depreciated machinery and equipment.

Depreciation and amortization expense relating to property, plant and equipment for the years ended December 31, 2021 and 2020 was approximately $1,394 and $1,344, respectively. During the year ended 31, 2020, the company removed from its records approximately $1,400 of fully depreciated machinery and equipment.

5. Debt

On January 13, 2020, BK Technologies, Inc., our wholly-owned operating subsidiary ("BK Technologies, Inc."), executed Credit Agreement (the "Original Credit Agreement") with JPMorgan Chase Bank, N.A. ("JPMC") and a Line of Credit Note in favor of JPMC in an aggregate principal amount of up to $5,000,000 (the "Original Note"), each dated as of January 13, 2020. The Original Note had a maturity date of January 31, 2021. On January 26, 2021, BK Technologies, Inc. and JPMC entered into a Note Modification Agreement (the "Modification"), to modify the Original Note to, among other things, extend the maturity date of the Original Note to January 31, 2022. Borrowings under the Credit Agreement bore interest at a rate per annum equal to one-month LIBOR (or zero if the LIBOR was less than zero) plus a margin of 1.90% (2.00 as of December 31, 2021). Then, on January 21, 2022, BK Technologies, Inc. and JPMC entered into a First Amendment to Credit Agreement (the "Amendment") to, among other things, extend the maturity date to January 31, 2023. Also on January 31, 2022, BK Technologies, Inc. delivered to JPMC a related Line of Credit Note (the "Note" and collectively with the Original Credit Agreement, as modified by the Modification and the Amendment , the "Credit Agreement"), in replacement, renewal and extension of the Original Note, as previously modified, which has a maturity date of January 31, 2023.

The Credit Agreement provides for a revolving line of credit of up to $5,000, with availability under the line of credit subject to a borrowing base calculated as a percentage of accounts receivable and inventory. Proceeds of borrowings under the Credit Agreement may be used for general corporate purposes. The line of credit is collateralized by a blanket lien on all personal property of BK Technologies, Inc. pursuant to the terms of the Continuing Security Agreement with the Lender. The Company and each subsidiary of BK Technologies, Inc. are guarantors of BK Technologies, Inc.'s obligations under the Credit Agreement, in accordance with the terms of the Continuing Guaranty.

Borrowings under the Credit Agreement will bear interest at the secured overnight financing rate plus a margin of 2.0%. The line of credit, as modified, is to be repaid in monthly payments of interest only, payable in arrears, commencing on February 1, 2022, with all outstanding principal and interest to be payable in full at maturity (January 31, 2023).

The Credit Agreement contains certain customary restrictive covenants, including restrictions on liens, indebtedness, loans and guarantees, acquisitions and mergers, sales of assets, and stock repurchases by BK Technologies, Inc. The Credit Agreement contains one financial covenant requiring BK Technologies, Inc. to maintain a tangible net worth of at least $20,000 at any fiscal quarter end.

The Credit Agreement provides for customary events of default, including: (1) failure to pay principal, interest or fees under the Credit Agreement when due and payable; (2) failure to comply with other covenants and agreements contained in the Credit Agreement and the other documents executed in connection therewith; (3) the making of false or inaccurate representations and warranties; (4) defaults under other agreements with JPMC or under other debt or other obligations of BK Technologies, Inc.; (5) money judgments and material adverse changes; (6) a change in control or ceasing to operate business in the ordinary course; and (7) certain events of bankruptcy or insolvency. Upon the occurrence of an event of default, JPMC may declare the entire unpaid balance immediately due and payable and/or exercise any and all remedial and other rights under the Credit Agreement.

BK Technologies, Inc. was in compliance with all covenants under the Credit Agreement as of December 31, 2021 and the date of filing this report. As of December 31, 2021, the Company had an outstanding balance of $1,470, and a net balance availability of $3,530. As of the date of filing this report, the Company had an outstanding balance of $1,470, and a net balance availability of $2,556,000 under the Credit Agreement.

On April 6, 2021, BK Technologies, Inc., a wholly owned subsidiary of BK Technologies Corporation, and JPMC, as a lender, entered into a Master Loan Agreement in the amount of $743 to finance various items of manufacturing equipment. The loan is collateralized by the equipment purchased using the proceeds. The Master Loan Agreement is payable in 48 equal monthly principal and interest payments of approximately $16 beginning on May 8, 2021, matures on April 8, 2025, and bears a fixed interest rate of 3.0%.

On September 25, 2019, BK Technologies, Inc., a wholly-owned subsidiary of BK Technologies Corporation, and U.S. Bank Equipment Finance, a division of U.S. Bank National Association, as a lender, entered into a Master Loan Agreement in the amount of $425 to finance various items of equipment. The loan is collateralized by the equipment purchased using the proceeds. The Master Loan Agreement is payable in 60 monthly principal and interest payments of approximately $8 beginning on October 25, 2019 and maturing on September 25, 2024, and bears a fixed interest rate of 5.11%.

Current balances of note payable at December 31, 2021 and 2020, respectively, are set forth in the table below:

	December 31, 2021	December 31, 2020
Note payable-US. Bank	**$ 86**	$ 82
Note payable-JP Morgan Chase Bank	**181**	—
	$ 267	$ 82

Long-term balances of note payable at December 31, 2021 and 2020, respectively, are set forth in the table below:

	December 31, 2021	December 31, 2020
Note payable-US. Bank	**$ 161**	$ 247
Note payable-JP Morgan Chase Bank	**444**	—
	$ 605	$ 247

6. Investment in Securities

The Company has an investment in a limited partnership, FGI 1347 Holdings, LP ("1347 LP"), of which the Company is the sole limited partner. FGI 1347 Holdings, LP was established for the purpose of investing in securities.

As of December 31, 2021, the Company indirectly held approximately $63 in cash and 477,282 shares of FG Financial Group, Inc. (formerly 1347 Property Insurance Holdings, Inc.) (Nasdaq: FGF) with fair value of $1,795, through an investment in FGI 1347 Holdings, LP. These shares were purchased in March and May 2018 for approximately $3,741.

During the years ended December 31, 2021 and 2020, the Company recognized a loss of approximately $219 and $620, respectively, due to changes in the unrealized loss on investment in securities.

Affiliates of Fundamental Global GP, LLC (“FG”) serve as the general partner and the investment manager of 1347 LP, and the Company is the sole limited partner. As the sole limited partner, the Company is entitled to 100% of net assets held by 1347 LP. There were no fees paid to the general partner or its affiliates for the years ended December 31, 2021 or 2020. As of December 31, 2021, the Company and the affiliates of FG, including, without limitation, Ballantyne Strong, Inc., beneficially owned in the aggregate 3,632,765 shares of FGF’s common stock, representing approximately 55.9% of FGF’s outstanding shares. FG with its affiliates is the largest stockholder of the Company. Mr. Kyle Cerminara, a member of the Company’s Board of Directors, is Chief Executive Officer, Co-Founder and Partner of FG and serves as Chairman of the Board of Directors of Ballantyne Strong, Inc. Mr. Cerminara also serves as Chairman of the Board of Directors of FGF.

7. Leases

The Company accounts for its leasing arrangements in accordance with Topic 842, “Leases”. The Company leases manufacturing and office facilities and equipment under operating leases and determines if an arrangement is a lease at inception. ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

As most of its leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company has lease agreements with lease and non-lease components, which are accounted for separately.

The Company leases approximately 54,000 square feet (not in thousands) of industrial space in West Melbourne, Florida, under a non-cancellable operating lease. The lease has the expiration date of June 30, 2027. Rental, maintenance and tax expenses for this facility were approximately $556 and $510 in 2021 and 2020, respectively.

In February 2020, the Company entered into a lease for 6,857 square feet (not in thousands) of office space at Sawgrass Technology Park, 1619 NW 136th Avenue in Sunrise, Florida, for a period of 64 months commencing July 1, 2020. Annual rental, maintenance and tax expenses for the facility were approximately $208 and $169 in 2021 and 2020, respectively.

In March 2021, the Company executed an agreement for the termination of its lease for 8,100 square feet (not in thousands) of office space in Lawrence, Kansas, effective March 31, 2021, and recognized a termination lease expense of approximately $53. The original term of the lease was through December 31, 2021.

Lease costs consist of the following:

	December 31,	
	2021	2020
Operating lease cost	$ 573	$ 610
Short-term lease cost	—	2
Variable lease cost	131	129
Total lease cost	$ 704	$ 741

Supplemental cash flow information related to leases was as follows:

	December 31,	
	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows (fixed payments)	$ 639	$ 521
Operating cash flows (liability reduction)	481	367
ROU assets obtained in exchange for lease obligations:		
Operating leases	**14**	454

Other information related to operating leases was as follows:

	December 31, 2021
Weighted average remaining lease term (in years)	5.19
Weighted average discount rate	5.50%

Maturity of lease liabilities as of December 31, 2021 were as follows:

	Year ending December 31,
2022	$ 582
2023	595
2024	608
2025	618
2026	479
Thereafter	243
Total payments	3,125
Less: imputed interest	(409)
Total liability	$ 2,716

8. Income Taxes

The income tax expense (benefit) is summarized as follows:

	Years Ended December 31,	
	2021	2020
Current:		
Federal	$ 0	$ (72)
State	3	3
	3	(69)
Deferred:		
Federal	184	(43)
State	0	116
	184	72
	$ 187	$ 3

A reconciliation of the statutory U.S. income tax rate to the effective income tax rate follows:

	Years Ended December 31,	
	2021	2020
Statutory U.S. income tax rate	(21.00)%	21.00%
State taxes, net of federal benefit	0.16%	6.0%
Permanent differences	1.31%	3.45%
Change in valuation allowance	26.32%	38.83%
Change in tax credits and state NOLs	(16.72)%	(67.58)%
Impact from accounting method change and expired options	19.52%	(0.50)%
Effective income tax rate	9.59%	(1.2)%

8. Income Taxes (Continued)

The components of the deferred income tax assets (liabilities) are as follows:

	Years Ended December 31,	
	2021	2020
Deferred tax assets:		
Operating loss carryforwards	**$ 984**	$ 1,238
R&D Tax Credit	**2,233**	1,952
Section 263A costs	**38**	203
Amortization	**18**	21
Unrealized loss	**442**	391
Asset reserves:		
Bad debts	**11**	11
Inventory allowance	**292**	118
Accrued expenses:		
Non-qualified stock options	**127**	175
Compensation	**116**	64
Warranty	**971**	927
Deferred tax assets	**5,235**	5,098
Less valuation allowance	**(610)**	(98)
Total deferred tax assets	**4,625**	5,000
Deferred tax liabilities:		
Depreciation	**(509)**	(700)
Total deferred tax liabilities	(509)	(700)
Net deferred tax assets (before unrealized gain)	**4,116**	4,300
Deferred tax liability: unrealized gain	**—**	—
Net deferred tax assets	**$ 4,116**	$ 4,300

As of December 31, 2021, the Company had a net deferred tax asset of approximately $4,625 (net of valuation allowance) offset by deferred tax liabilities of $509 derived from accelerated tax depreciation. This asset is primarily composed of net operating loss carryforwards (“NOLs”), research and development tax credits, and deferred revenue, net of a valuation allowance of approximately $610. The NOLs total approximately $3,554 for federal and $6,751 for state purposes, with expirations starting in 2022 for state purposes. State NOLs of $2 expired in 2021.

During 2020, the Company generated $199 of federal NOLs and during 2021, the Company expects to generate $16 in additional federal NOLs. The deferred tax asset amounts are based upon management’s conclusions regarding, among other considerations, the Company’s current and anticipated customer base, contracts, and product introductions, certain tax planning strategies, and management’s estimates of future earnings based on information currently available, as well as recent operating results during 2021, 2020, and 2019. GAAP requires that all positive and negative evidence be analyzed to determine if, based on the weight of available evidence, the Company is more likely than not to realize the benefit of the deferred tax asset.

Management’s analysis of all available evidence, both positive and negative, provides support that the Company does not have the ability to generate sufficient taxable income in the necessary period to utilize the entire benefit for the deferred tax asset. Accordingly, as of December 31, 2021, a valuation allowance has been established totaling approximately $610.

Should the factors underlying management’s analysis change, future valuation adjustments to the Company’s net deferred tax asset may be necessary. If future losses are incurred, it may be necessary to record an additional valuation allowance related to the Company’s net deferred tax asset recorded as of December 31, 2021. It cannot presently be estimated what, if any, changes to the valuation of the Company’s deferred tax asset may be deemed appropriate in the future. The 2021 federal and state NOLs and tax credit carryforwards could be subject to limitation if, within any three-year period prior to the expiration of the applicable carryforward period, there is a greater than 50% change in ownership of the Company by any stockholder with 5% or greater ownership.

The Company performed a comprehensive review of its portfolio of uncertain tax positions in accordance with recognition standards established by GAAP. In this regard, an uncertain tax position represents the Company's expected treatment of a tax position taken in a filed tax return or planned to be taken in a future tax return that has not been reflected in measuring income tax expense for financial reporting purposes. As a result of this review, on January 1, 2022, the Company is not aware of any uncertain tax positions that would require additional liabilities or which such classification would be required. The amount of unrecognized tax positions did not change as of December 31, 2021, and the Company does not believe there will be any material changes in its unrecognized tax positions over the next twelve months.

Penalties and tax-related interest expense, of which there were no material amounts for the years ended December 31, 2021 and 2020, are reported as a component of income tax expense (benefit).

The Company files federal income tax returns, as well as multiple state and local jurisdiction tax returns. A number of years may elapse before an uncertain tax position is audited and finally resolved. While it is often difficult to predict the final outcome or the timing of resolution on any particular uncertain tax position, the Company believes that its allowances for income taxes reflect the most probable outcome. The Company adjusts these allowances, as well as the related interest, in light of changing facts and circumstances. The resolution of a matter would be recognized as an adjustment to the provision for income taxes and the effective tax rate in the period of resolution. The calendar years 2018, 2019, and 2020 are still open to IRS examination under the statute of limitations. The last IRS examination on the Company's 2007 calendar year was closed with no change.

9. Income (Loss) Per Share

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

	Years Ended December 31,	
	2021	2020 (as adjusted)
Numerator:		
Net (loss) income from continuing operations numerator for basic and diluted earnings per share	$ (1,701)	$ 194
Denominator:		
Denominator for basic income (loss) per share weighted average shares	**14,941,028**	12,552,889
Effect of dilutive securities:		
Stock options	—	8,440
Denominator for diluted income (loss) per share weighted average shares	**14,941,028**	12,561,329
Basic (loss) income per share	**$ (0.11)**	$ 0.02
Diluted (loss) income per share	**$ (0.11)**	$ 0.02

Approximately 676,500 stock options and 137,055 restricted stock units for the year ended December 31, 2021 and 464,000 stock options and 139,233 restricted stock units for the year ended December 31, 2020, were excluded from the calculation because they were anti-dilutive.

10. Share-Based Employee Compensation

The Company has an employee and non-employee director incentive compensation equity plan. Related to these programs, the Company recorded $253 and $129 of share-based employee compensation expense during the years ended December 31, 2021 and 2020, respectively, which is included as a component of cost of products and SG&A expenses in the accompanying consolidated statements of operations. No amount of share-based employee compensation expense was capitalized as part of capital expenditures or inventory for the years presented.

The Company uses the Black-Scholes-Merton option valuation model to calculate the fair value of a stock option grant. The share-based employee compensation expense recorded in the years ended December 31, 2021 and 2020 was calculated using the assumptions noted in the following table. Expected volatilities are based on the historical volatility of the Company's common stock over the period of time, commensurate with the expected life of the stock options. The dividend yield assumption is based on the Company's expectations of dividend payouts at the grant date. In 2021, the Company paid dividends on January 19, for a dividend declared in 2020, April 26, August 9 and October 18. In December 2021, the Company's Board of Directors also declared a quarterly dividend that was paid on January 24, 2022. The Company has estimated its future stock option exercises. The expected term of option grants is based upon the observed and expected time to the date of post vesting exercises and forfeitures of options by the Company's employees. The risk-free interest rate is derived from the average U.S. Treasury rate for the period, which approximates the rate at the time of the stock option grant.

	FY 2021	FY 2020
Expected Volatility	52.3%	52.1%
Expected Dividends	3.0%	2.0%
Expected Term (in years)	6.5	6.5
Risk-Free Rate	0.80%	0.49%
Estimated Forfeitures	0.0%	0.0%

A summary of stock option activity under the Company's equity compensation plans as of December 31, 2021, and changes during the year ended December 31, 2021, are presented below:

As of January 1, 2021	Stock Options	Wgt. Avg. Exercise Price ($) Per Share	Wgt. Avg. Remaining Contractual Life (Years)	Wgt Avg. Grant Date Fair Value ($) Per Share	Aggregate Intrinsic Value ($)
Outstanding	489,000	3.96	7.23	1.51	24,000
Vested	185,800	4.15	5.65	1.55	24,000
Nonvested	303,200	3.84	8.20	1.49	—
Period activity					
Issued	202,500	3.08	—	1.16	—
Exercised	—	—	—	—	—
Forfeited	5,000	5.10	—	1.37	—
Expired	10,000	4.55	—	1.06	—
As of December 31, 2021					
Outstanding	676,500	3.68	7.33	1.41	4,500
Vested	361,600	3.80	6.66	1.44	4,500
Nonvested	314,900	3.53	8.10	1.39	—

Outstanding:

Range of Exercise Prices ($) Per Share		Stock Options Outstanding	Wgt. Avg. Exercise Price ($) Per Share	Wgt. Avg. Remaining Contractual Life (Years)
2.23	3.83	447,500	3.23	8.06
4.07	5.10	229,000	4.55	5.91
		676,500	3.68	7.33

Exercisable:

Range of Exercise Prices ($) Per Share		Stock Options Exercisable	Wgt. Avg. Exercise Price ($) Per Share
2.23	3.83	211,000	3.20
4.07	5.10	150,600	4.66
		361,600	3.80

The weighted-average grant-date fair value per option granted during the years ended December 31, 2021 and 2020 was $1.16 and $1.27, respectively. There were no stock options exercised during the years ended December 31, 2021 and 2020.

In connection with the restricted stock units granted to non-employee directors, the Company accrues compensation expense based on the estimated number of shares expected to be issued, utilizing the most current information available to the Company at the date of the consolidated financial statements. The Company estimates the fair value of the restricted stock unit awards based upon the market price of the underlying common stock on the date of grant. As of December 31, 2021 and 2020, there was approximately $802 and $872, respectively, of total unrecognized compensation cost related to non-vested share-based compensation arrangements, including stock options and restricted stock units. This compensation cost is expected to be recognized approximately over four years.

11. Significant Customers

Sales to the U.S. Government represented approximately 35.5% and 50.5% of the Company's total sales for the years ended December 31, 2021 and 2020, respectively. These sales were primarily to the various government agencies, including those within the United States Department of Defense, the United States Forest Service, the United States Department of Interior, and the United States Department of Homeland Security.

12. Retirement Plan

The Company sponsors a participant contributory retirement 401(k) plan, which is available to all employees. The Company's contribution to the plan is either a percentage of the participant's contribution (50% of the participant's contribution up to a maximum of 6%) or a discretionary amount. In the second quarter of 2020, the Company suspended the contribution match to the participant contributory retirement 401(k) plan to reduce costs and to better position the Company in an uncertain business environment due in part to the COVID-19 pandemic. The Company's contribution match was reinstated in January 2021. For the years ended December 31, 2021 and 2020, total contributions made by the Company were $160 and $60, respectively.

13. Commitments and Contingencies

Royalty Commitment

In 2002, the Company entered into a technology license related to its development of digital products. Under this agreement, the Company is obligated to pay a royalty for each product sold that utilizes the technology covered by this agreement. The Company paid $114 and $120 for the years ended December 31, 2021 and 2020, respectively. The agreement has an indefinite term, and can be terminated by either party under certain conditions.

Purchase Commitments

The Company has purchase commitments for inventory totaling $12,610 as of December 31, 2021.

Self-Insured Health Benefits

The Company maintains a self-insured health benefit plan for its employees. This plan is administered by a third party. As of December 31, 2021, the plan had a stop-loss provision insuring losses beyond $90 per employee per year and an aggregate stop-loss of $1,180. As of December 31, 2021 and 2020, the Company recorded an accrual for estimated claims in the amount of approximately $97 and $116, respectively, in accrued other expenses and other current liabilities on the Company's consolidated balance sheets. This amount represents the Company's estimate of incurred but not reported claims as of December 31, 2021 and 2020.

Liability for Product Warranties

Changes in the Company's liability for its standard two-year product warranties during the years ended December 31, 2021 and 2020 are as follows:

	Balance at Beginning of Year	Warranties Issued	Warranties Settled	Balance at End of Year
2021	$ 791	$ 169	$ (427)	$ 533
2020	$ 1,248	$ 166	$ (623)	$ 791

Legal Proceedings

From time to time the Company may be involved in various claims and legal actions arising in the ordinary course of its business.

There were no pending material claims or legal matters as of December 31, 2021.

Consulting Services Agreement

On June 24, 2020, the Company entered into a Financial and Consulting Services Agreement (the "Itasca Agreement") with Itasca Financial LLC ("Itasca"), pursuant to which Itasca agreed to advise the Company on aspects of its strategic direction. In exchange for Itasca's services, the Company agreed to pay Itasca a retainer fee of $50,000, payable in two installments of $25,000, and a monthly fee of $20,000. On December 15, 2020, the parties agreed to terminate the agreement and to waive the provision for a termination fee. This description of the Agreement is a summary only and is qualified by reference to full text of Itasca Agreement, which is filed as exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 5, 2020. Total fees incurred by the Company in connection with the Agreement during the year ended December 31, 2020 were $70,000.

COVID-19

In December 2019, a novel strain of the coronavirus (COVID-19) surfaced in Wuhan, China, which spread globally and was declared a pandemic by the World Health Organization in March 2020. Although we believe the pandemic has not had a material adverse impact on our business through 2021, it may have the potential of doing so in the future. The extent of the potential impact of the COVID-19 pandemic on our business and financial performance will depend on future developments, which are uncertain and, given the continuing evolution of the COVID-19 pandemic and the global responses to curb its spread, cannot be predicted. In addition, the pandemic has significantly increased economic uncertainty and caused a worldwide economic downturn. Even after the COVID-19 pandemic has subsided, we may continue to experience an adverse impact to our business as a result of its national and, to some extent, global economic impact, including any recession that may occur in the future.

14. Capital Program

In May 2016, the Company implemented a capital return program that included a stock repurchase program and a quarterly dividend. Under the program, the Company's Board of Directors approved the repurchase of up to 500,000 shares of the Company's common stock pursuant to a stock repurchase plan in conformity with the provisions of Rule 10b5-1 and Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended. In June 2017, the Board of Directors approved an increase in the Company's capital return program, authorizing the repurchase of 500,000 shares of the Company's common stock in addition to the 500,000 shares originally authorized, for a total repurchase authorization of one million shares, pursuant to a stock repurchase plan in conformity with the provisions of Rule 10b5-1 and Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended. The repurchase program was completed in April 2020.

On December 17, 2021 a share repurchase program was authorized under which the Company may repurchase up to an aggregate of $5 million of its common shares. Share repurchases under this program were authorized to begin immediately. The program does not have an expiration date. Any repurchases would be funded using cash on hand and cash from operations. The actual timing, manner and number of shares repurchased under the program will be determined by management and the Board of Directors at their discretion, and will depend on several factors, including the market price of the Company's common shares, general market and economic conditions, alternative investment opportunities, and other business considerations in accordance with applicable securities laws and exchange rules. The authorization of the share repurchase program does not require BK Technologies to acquire any particular number of shares and repurchases may be suspended or terminated at any time at the Company's discretion.

Pursuant to the capital return program, during 2020, the Company's Board of Directors declared quarterly dividends on the Company's common stock of $0.02 per share on March 2, June 10, September 14 and December 9. The dividends were payable to stockholders of record as of March 31, 2020, July 6, 2020, October 5, 2020 and January 4, 2021, respectively. These dividends were paid on April 13, 2020, July 20, 2020, October 19, 2020 and January 19, 2021.

Pursuant to the capital return program, during 2021, the Company's Board of Directors declared quarterly dividends on the Company's common stock of $0.02 per share on March 16, July 8, September 23, and $0.03 per share on December 17. The dividends were payable to stockholders of record as of April 12 2021, July 26, 2021, October 7, 2021and January 10, 2022, respectively. These dividends were paid on April 26, 2021, August 9, 2021, October 18, 2021, and January 24, 2022.

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

Our Chief Executive Officer (who serves as our principal executive officer) and Chief Financial Officer (who serves as our principal financial and accounting officer) have evaluated the effectiveness of our disclosure controls and procedures (as defined in the Exchange Act Rule 13a-15(e)) as of December 31, 2021. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2021.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Our internal control system was designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of inherent limitations, a system of internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to a change in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

An internal control material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the consolidated financial statements will not be prevented or detected.

Our management, including our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2021, and concluded that our internal control over financial reporting was effective as of December 31, 2021. In making the assessment of internal control over financial reporting, management used the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Exchange Act Rule 13a-15(d) that occurred during the fourth fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10.Directors, Executive Officers and Corporate Governance

BOARD OF DIRECTORS

Set forth below is certain information regarding the members of the Company's board of directors (the "Board" or the "Board of Directors"). Each director is entitled to serve until the 2022 annual meeting of stockholders and until a successor is duly elected and qualified or until his earlier retirement, resignation or removal. The age and business experience of each director is set forth below as of April 25, 2022.

Name and Year First Elected	Age	Position
E. Gray Payne (2017)	74	Chairman of the Board
D. Kyle Cerminara (2015)	44	Director
Michael R. Dill (2017)	57	Director
R. Joseph Jackson (2021)	56	Director
Charles T. Lanktree (2017)	72	Director
John M. Suzuki (2021)	58	Director and Chief Executive Officer
Inez M. Tenenbaum (2021)	71	Director

E. Gray Payne was appointed to the Board of Directors in January 2017 and has served as Chairman of the Board since July 2021. He served as Senior Vice President of The Columbia Group ("TCG") from September 2010 to September 2017, where he was responsible for managing the Marine Corps and Navy Programs Divisions. TCG is a federal consulting firm working with the Department of Defense, the Department of Homeland Security, the National Oceanic and Atmospheric Administration, and private clients. TCG consults in the areas of logistics, acquisitions, program management, information technology, training, marine architecture and engineering, and command and control systems. Since December 2011, General Payne has also provided consulting services to and served on the Advisory Council of Marstel-Day, LLC, located in Fredericksburg, Virginia, which consults in the areas of conservation, environmental compliance, and encroachment. Prior to September 2010, General Payne was on active duty with the Marine Corps for 10 years, retiring as a Major General. His three commands as a General Officer included the Marine Corps Mobilization Command, the Marine Corps Logistics Command, and the 4th Marine Logistics Group. In his last tour with the Marine Corps, he served as Assistant Deputy Commandant for Facilities, where he was responsible for 28 installations and an annual budget exceeding $5.5 billion. Prior to March 2001, he worked with a number of companies in various capacities, including as a management consultant, Chief Financial Officer, Chief Operating Officer, and Chief Executive Officer of companies ranging in size from $2.5 million to $100 million. General Payne currently serves on the board of directors of FG Financial Group, Inc. (Nasdaq: FGF), a publicly traded reinsurance and financial services company (since May 2018), VetCV (since December 2017), and National Wildlife Refuge Association (since June 2018). He is a prior chairman of the board of the Marine Corps Association and Foundation and served on the Advisory Council of Marstel-Day, LLC. He received a B.S. in Economics from North Carolina State University and a M.S. in Strategic Studies from U.S. Army War College. A member of the National Association of Corporate Directors, he has also earned the Professional Director designation from the American College of Corporate Directors.

D. Kyle Cerminara was appointed to the Board of Directors in July 2015 and served as Chairman from March 2017 until April 2020. Mr. Cerminara has over 20 years' experience as an institutional investor, asset manager, director, chief executive, founder and operator of multiple financial services and technology businesses. Mr. Cerminara co-founded Fundamental Global in 2012, which is the largest stockholder of the Company, and serves as its Chief Executive Officer.

Mr. Cerminara is a member of the board of directors of a number of companies focused in the reinsurance, investment management, technology and communication sectors. These include FG Financial Group, Inc. (Nasdaq: FGF) (formerly known as 1347 Property Insurance Holdings, Inc.), which operates as a diversified reinsurance and investment management company, since December 2016; Ballantyne Strong Inc. (NYSE American: BTN), a holding company with diverse business activities focused on serving the entertainment and retail markets, since February 2015; and Firefly Systems Inc., a venture-backed digital advertising company, since August 2020. Mr. Cerminara is President and will serve as a director of FG New America Acquisition II Corp., a special purpose acquisition company currently in the process of completing its initial public offering and which is focused on searching for a target company in the financial services and insurance industries, and he is also the chairperson of the board of directors of FG Acquisition Corp., a Canadian special purpose acquisition company that completed its initial public offering in April 2022 and which is focused on searching for a target company in the financial services sector. In addition, Mr. Cerminara has served as a Senior Advisor to FG Merger Corp. (NASDAQ: FGMC), a special purpose acquisition company, since February 2022.

From April 2021 to December 2021, Mr. Cerminara served as a director of Aldel Financial Inc. (NYSE: ADF), a special purpose acquisition company co-sponsored by Fundamental Global, which merged with Hagerty (NYSE: HGTY), a leading specialty insurance provider focused on the global automotive enthusiast market. From July 2020 to July 2021, Mr. Cerminara served as Director and President of FG New America Acquisition Corp. (NYSE: FGNA), a special purpose acquisition company, which merged with OppFi Inc. (NYSE: OPFI), a leading financial technology platform that powers banks to help everyday consumers gain access to credit. Mr. Cerminara has served as the Chairman of Ballantyne Strong, Inc. since May 2015 and previously served as its Chief Executive Officer from November 2015 through April 2020. He served on the board of directors of GreenFirst Forest Products Inc. (TSXV: GFP) (formerly Itasca Capital Ltd.), a public company focused on investments in the forest products industry, from June 2016 to October 2021 and was appointed Chairman from June 2018 to June 2021; Limbach Holdings, Inc. (NASDAQ: LMB), a company which provides building infrastructure services, from March 2019 to March 2020; Iteris, Inc. (NASDAQ: ITI), a publicly-traded, applied informatics company, from August 2016 to November 2017; Magnetek, Inc., a publicly-traded manufacturer, in 2015; and blueharbor bank, a community bank, from October 2013 to January 2020. He served as a Trustee and President of StrongVest ETF Trust, which was an open-end management investment company, from July 2016 to March 2021. Previously, Mr. Cerminara served as the Co-Chief Investment Officer of CWA Asset Management Group, LLC, a position he held from January 2013 to December 2020.

Prior to these roles, Mr. Cerminara was a Portfolio Manager at Sigma Capital Management, an independent financial adviser, from 2011 to 2012, a Director and Sector Head of the Financials Industry at Highside Capital Management from 2009 to 2011, and a Portfolio Manager and Director at CR Intrinsic Investors from 2007 to 2009. Before joining CR Intrinsic Investors, Mr. Cerminara was a Vice President, Associate Portfolio Manager and Analyst at T. Rowe Price (NASDAQ: TROW) from 2001 to 2007, where he was named amongst Institutional Investor's Best of the Buy Side Analysts in November 2006, and an Analyst at Legg Mason from 2000 to 2001.

Mr. Cerminara received an MBA degree from the Darden Graduate School of Business at the University of Virginia and a B.S. in Finance and Accounting from the Smith School of Business at the University of Maryland, where he was a member of Omicron Delta Kappa, an NCAA Academic All American and Co-Captain of the men's varsity tennis team. He also completed a China Executive Residency at the Cheung Kong Graduate School of Business in Beijing, China. Mr. Cerminara holds the Chartered Financial Analyst (CFA) designation.

Michael R. Dill was appointed to the Board of Directors in March 2017. Mr. Dill is currently Senior Vice President of Customers and Marketing for Albany Engineered Composites, a global leader of aerospace composites design and manufacturing. He has served as President, Americas West, and previously as Vice President and General Manager, of GKN Aerospace Engine Systems North America, a designer and manufacturer of aerospace engine components, since April 2017. Mr. Dill previously served as President of the Aerospace, Power Generation and General Industrial divisions at AFGlobal Corporation, a privately-held, integrated technology and manufacturing company, from August 2014 to April 2017. Prior to joining AFGlobal, Mr. Dill held various positions in the Aerospace and Defense division of CIRCOR International (NYSE: CIR), a publicly-traded global manufacturer of highly engineered environment products, including serving as Group Vice President from 2009 to 2014, Vice President of Business Development and Strategy from 2010 to 2011 and Director of Continuous Improvement from 2009 to 2011. From 2007 to 2009, he served as a Business Unit Director and Facility Leader within the aerospace group of Parker Hannifin Corporation (NYSE: PH), a publicly-traded diversified manufacturer of motion and control technologies and systems. Before joining Parker Hannifin Corporation, he held various positions with Shaw Aero Devices, Inc., a producer of aerospace components and equipment, from 1996 to 2007, and Milliken and Company, a manufacturing company, from 1988 to 1996. Mr. Dill received a B.S. in Management from the Georgia Institute of Technology.

R. Joseph Jackson was nominated to the Board of Directors for the 2021 Annual Meeting. Mr. Jackson currently serves as the Managing Partner of Metrolina Capital, a firm that is in the business of providing private lending, structured equity, and making real estate investments. Mr. Jackson founded Metrolina Capital, which is the evolution of various Metrolina entities that started in 1996, and has served as Managing Partner since its inception. His background and experience include commercial real estate investments, private lending, structured equity, analytics, development, and consulting.

Mr. Jackson completed his Bachelor of Arts degree in Economics and a Master of Business Administration degree from the University of North Carolina at Charlotte. He has been a licensed Real Estate Broker since 1984 (NC Broker #93412/SC Broker #59906) and has been a State Certified General Real Estate Appraiser since 1990 (NC #A3241/SC #CG1838).

Mr. Jackson earned the MAI (#41604) membership designation from the Appraisal Institute, which is held by professionals who can provide a wide range of services relating to all types of real property, such as providing opinions of value, evaluations, reviews, and consulting regarding investment decisions. He also holds the CCIM (Certified Commercial Investment Member) designation, a globally recognized designation with members across North America and in more than 30 countries. His CCIM designation number is #19213. In addition, Mr. Jackson also holds an MRICS (#6208909) designation. The Royal Institution of Chartered Surveyors (RICS) is a professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction and infrastructure.

Mr. Jackson currently serves on the following boards: 1) Carolinas Business Capital, a regional Small Business Administration Certified Development Corporation, for over 20 years and has served as board chair for the last 4 years; 2) Community First Bancorporation and Community First Bank in South Carolina; 3) SeaTrust Mortgage, a subsidiary of Community First Bancorporation, where he is currently board chair; and 4) Camino Community Center, a non-profit organization serving the Latino community.

Charles T. Lanktree was appointed to the Board of Directors in March 2017. Mr. Lanktree has served as Chief Executive Officer of Eggland's Best, LLC, a joint venture between Eggland's Best, Inc. and Land O'Lakes, Inc. distributing nationally branded eggs, since 2012 and also served as its President from 2012 to 2018. Since 1997, Mr. Lanktree has served as President and Chief Executive Officer of Eggland's Best, Inc., a franchise-driven consumer egg business, where he previously served as the President and Chief Operating Officer from 1995 to 1996 and Executive Vice President and Chief Operating Officer from 1990 to 1994. As of December 31, 2021, Mr. Lanktree retired as an employee of Eggland's Best, LLC. Mr. Lanktree currently serves on the board of directors of Eggland's Best, Inc. and several of its affiliates and on the board of directors of Ballantyne Strong, Inc. (NYSE American: BTN), a holding company with diverse business activities focused on serving the cinema, retail, financial and government markets. From 2010 to 2013, he served on the board of directors of Eurofresh Foods, Inc., a privately-held company, and, from 2004 to 2013, he was on the board of directors of Nature's Harmony Foods, Inc. Prior to joining Eggland's Best, Inc., Mr. Lanktree served as the President and Chief Executive Officer of American Mobile Communications, Inc. from 1987 to 1990 and as the President and Chief Operating Officer of Precision Target Marketing, Inc. from 1985 to 1987. From 1976 to 1985, he held various executive-level marketing positions with The Grand Union Company, BeechNut/Nestle Foods Corporation and Unilever. Mr. Lanktree received an MBA from the University of Notre Dame and a B.S. in Food Marketing from St. Joseph's University. He also served in the U.S. Army and U.S. Army Reserves from 1971 to 1977.

John M. Suzuki was appointed to the Board of Directors in July 2021. From May 2019 until accepting the position of Chief Executive Officer of the Company, Mr. Suzuki served as Chief Strategy Officer of Imperium Leadership, where he has overseen the development and growth of the business. From May 2015 through May 2019, he served as President and CEO of EFJohnson Technologies, a two-way radio manufacturer. From 2011 through 2015, Mr. Suzuki served in a variety of leadership positions, including as Senior Vice President of Sales for AVTEC Incorporated, and Vice President of Sales and Marketing for 3eTechnologies International, a subsidiary of UltraElectronics. From 2004 through 2011, Mr. Suzuki served as Senior Vice President, Sales of EFJohnson Technologies. Mr. Suzuki has a broad background in general management, strategy, product development, sales, marketing, supply chain, operations and engineering, and mergers and acquisitions. He is a strategic thinker with extensive experience in developing and growing new business opportunities. Mr. Suzuki holds a bachelor's degree in electrical engineering from the University of Ottawa and an MBA from Duke University.

Inez M. Tenenbaum was nominated to the Board of Directors for the 2021 Annual Meeting. Ms. Tenenbaum practices law with Wyche, P.A. in Greenville, South Carolina, following her tenure as Chairman of the U.S. Consumer Product Safety Commission (CPSC). Ms. Tenenbaum was nominated Chairman of the CPSC by President Barack Obama on May 5, 2009, and was confirmed unanimously by the United States Senate on June 19, 2009. She began her term on June 22, 2009, and served until November 30, 2013, the end of her term, when she declined reappointment to the position.

During her tenure at the CPSC, she fulfilled a key promise to the Congress and consumers by working closely with agency staff, consumer stakeholders, and industry professionals to complete all the major safety rules required by the Consumer Product Safety Improvement Act of 2008 (CPSIA). Under her leadership, the CPSC created its first public database, www.saferproducts.gov, that provides consumers and manufacturers with access to information about consumer product hazards. Also during her tenure, the CPSC opened its first oversees office, located at the U.S. Embassy in Beijing, and opened the new National Product Testing and Evaluation Center, testing products for defects and establishing test methods to determine compliance with safety standards. And in 2011, the CPSC implemented a Risk Assessment Methodology (RAM) pilot project to analyze data available in Customs and Border Protection's International Trade Data System (ITDS) to target potential unsafe products from coming into the country.

Prior to serving as Chairman for the CPSC, Ms. Tenenbaum was elected South Carolina's State Superintendent of Education in 1998, and again in 2002. While serving as Superintendent, student achievement improved, with scores increasing on state, national, and international tests administered. *Education Week,* a distinguished national publication, ranked South Carolina highest in the country for the quality of its academic standards, assessment, and accountability system. Standard & Poor's identified South Carolina as an "outperformer" on NAEP for consistently achieving above the statistical expectations, and the state's SAT scores increased 34 points over Ms. Tenenbaum's eight-year tenure, the largest such gain in the nation during that time. In 2001, the Center for Creative Leadership, a nonprofit leadership institute in Greensboro, North Carolina, named Ms. Tenenbaum the recipient of its third annual Distinguished Alumni Award for "making leadership a fundamental requirement for school reform as part of South Carolina's strategic plan for education."

Ms. Tenenbaum received her Bachelor of Science in 1972 and Master of Education degrees in 1974 from the University of Georgia and her law degree from the University of South Carolina in 1986. She is the recipient of numerous honorary degrees and has been recognized by national, state, and community organizations for her civic work on consumer product safety, education leadership, women's empowerment, and child and family advocacy. [1]

EXECUTIVE OFFICERS

Set forth below is certain information regarding our executive officers as of April 25, 2022. Each executive officer serves at the discretion of the Board of Directors.

Name	Age	Position
John M. Suzuki	58	Chief Executive Officer, Director
Timothy A. Vitou	65	President
William P. Kelly	65	Executive Vice President, Chief Financial Officer and Secretary
Henry R. (Randy) Willis	63	Chief Operating Officer
Branko Avanic, Ph.D.	61	Chief Technology Officer

John M. Suzuki was appointed as our Chief Executive Officer on July 19, 2021. From May 2019 until accepting the position of Chief Executive Officer of the Company, Mr. Suzuki served as Chief Strategy Officer of Imperium Leadership, where he has overseen the development and growth of the business. From May 2015 through May 2019, he served as President and CEO of EFJohnson Technologies, a two-way radio manufacturer. From 2011 through 2015, Mr. Suzuki served in a variety of leadership positions, including as Senior Vice President of Sales for AVTEC Incorporated, and Vice President of Sales and Marketing for 3eTechnologies International, a subsidiary of UltraElectronics. From 2004 through 2011, Mr. Suzuki served as Senior Vice President, Sales of EFJohnson Technologies. Mr. Suzuki has a broad background in general management, strategy, product development, sales, marketing, supply chain, operations and engineering, and mergers and acquisitions. He is a strategic thinker with extensive experience in developing and growing new business opportunities. Mr. Suzuki holds a bachelor's degree in electrical engineering from the University of Ottawa and an MBA from Duke University.

Timothy A. Vitou has been our President since January 17, 2017. He previously served as the Company's Senior Vice President of Sales and Marketing since May 2008. Prior to that, he served as Vice President of Sales for Mobility Electronics, Inc., from August 2006 to May 2007, Senior Director of Global Go-To-Market, for Motorola Solutions, Inc., from April 2002 to April 2006, and General Manager, Americas Region, for Motorola Solutions, from April 2000 to April 2002.

William P. Kelly has been our Executive Vice President and Chief Financial Officer since July 1997, and Secretary since June 2000. From October 1995 to June 1997, he was Vice President and Chief Financial Officer of our subsidiary, RELM Communications, Inc. From January 1993 to October 1995, he was the Financial Director of Harris Corp. Semiconductor Sector. On January 11, 2022, we announced Mr. Kelly's plans to retire. The Company anticipates that Mr. Kelly's retirement will be effective when his replacement begins full time work with the Company, but no later than June 30, 2022.

Henry R. (Randy) Willis has been our Chief Operating Officer since March 14, 2018. He previously served as the Company's Vice President of Operations since August 2017, overseeing all aspects of manufacturing and quality. Prior to joining the Company, he held leadership positions in manufacturing, operations, quality, supply chain, industrial engineering and program management, including founding and serving as President of Target Velocity Consulting, Inc., a "Lean/Six Sigma" firm specializing in operational improvements, from December 2009 to August 2017 and Vice President, Continuous Improvement, for CIRCOR International, Inc. (NYSE: CIR), from August 2007 to December 2009. He also served in leadership positions for Parker-Hannifin Corporation (NYSE: PH) from January 2005 to August 2007 and Honeywell International Inc. (NYSE: HON) from June 1998 to January 2005. Mr. Willis holds certifications as a Lean Master and Six Sigma Black Belt and B.S. and M.S. degrees in Industrial Technology from East Carolina University.

Branko Avanic, Ph.D., has been our Chief Technology Officer since October 30, 2019. Dr. Avanic previously served as Senior Vice President of Engineering of BK Technologies, Inc., our wholly-owned subsidiary, since August 13, 2019. Prior to joining the Company, he served in a number of roles at Motorola Solutions, Inc. (NYSE: MSI), including Director, Head Architect – Devices Engineering for several different projects from 2015 through June 2019 and a variety of other roles from 1999 to 2015. Dr. Avanic also serves as President of Ph.D. Research Group Inc. Dr. Avanic has previously served as an adjunct professor at the University of Miami and Florida Atlantic University. He received a B.S., M.S. and Ph.D. in Electrical Engineering from the University of Miami.[2]

Family Relationships

There are no family relationships among any of our directors or executive officers.

Legal Proceedings

No director or executive officer has been involved in any legal proceeding during the past ten years that is material to an evaluation of his or her ability or integrity.

CORPORATE GOVERNANCE

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires that our directors and executive officers, and persons who own more than ten percent (10%) of our common stock, file with the SEC initial statements of beneficial ownership of common stock and statements of changes in beneficial ownership of common stock.

To the best of our knowledge based solely on a review of Forms 3, 4, and 5 (and any amendments thereof) received by us during or with respect to the year ended December 31, 2021, the following persons failed to file, on a timely basis, the identified reports required by Section 16(a) of the Exchange Act during fiscal year ended December 2021:

Name and Principal Position	Number of Late Reports	Transactions not Reported in Timely Manner
John M. Suzuki, Chief Executive Officer and Director	3	2
Michael R. Dill, Director	1	1
Kyle Cerminara, Director	1	1
E. Gray Payne, Director	1	1
Charles T. Lanktree	1	1
R. Joseph Jackson	1	0
Inez M. Tenenbaum	1	0
John W. Struble	1	1

Code of Ethics

The Board of Directors has adopted the Code of Business Conduct and Ethics (the “Code of Conduct”) that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer, and the Code of Ethics for the CEO and Senior Financial Officers (the “Code of Ethics”) containing additional specific policies. The Code of Conduct and the Code of Ethics are posted on our Internet website at https://www.bktechnologies.com/investor-relations and are available free of charge, upon request to Corporate Secretary, 7100 Technology Drive, West Melbourne, Florida 32904; telephone number: (321) 984-1414.

Any amendment to, or waiver from, a provision of the codes of ethics applicable to our directors and executive officers will be disclosed in a current report on Form 8-K within four business days following the date of the amendment or waiver, unless the rules of the NYSE American then permit website posting of such amendments and waivers, in which case we would post such disclosures on our Internet website.

Stockholder Nominees

There have been no material changes to the procedures by which stockholders of the Company may recommend nominees to the Company's Board of Directors.

The nominating and governance committee of the Board of Directors has adopted a policy with regard to the consideration of director candidates submitted by stockholders. This policy is set forth in the committee's "Policy Regarding Director Candidate Recommendations Submitted by Stockholders." The committee will only consider director candidates submitted by stockholders who satisfy the minimum qualifications prescribed by the committee for director candidates, including that a director must represent the interests of all stockholders and not serve for the purpose of favoring or advancing the interests of any particular stockholder group or other constituency.

In accordance with this policy, the nominating and governance committee will consider director candidates recommended by stockholders only where the committee has determined to not re-nominate an incumbent director. In addition, the committee will not consider any recommendation by a stockholder or an affiliated group of stockholders unless such stockholder or group of stockholders has owned at least five percent (5%) of our common stock for at least one year as of the date the recommendation is made. Any eligible stockholder (or affiliated group of stockholders) who desires to recommend a director candidate for consideration by the nominating and governance committee generally must ensure that it is received by the Company no later than 120 days prior to the first anniversary of the date of the proxy statement for the prior annual meeting of stockholders. In the event that the date of the annual meeting of stockholders for the current year is more than 30 days following the first anniversary date of the annual meeting of stockholders for the prior year, the submission of a recommendation will be considered timely if it is submitted a reasonable time in advance of the mailing of the Company's proxy statement for the annual meeting of stockholders for the current year.

Any such eligible stockholder (or affiliated group of stockholders) is required to submit complete information about itself and the recommended director candidate as specified in the committee's "Procedures for Stockholders Submitting Director Candidate Recommendations" policy and as set forth in the advance notice provisions in our bylaws. Such information must include, among other things, (i) the number of our common shares beneficially owned by the recommending stockholder and the length of time such shares have been held, (ii) the name, age and experience of the director candidate, (iii) whether the director candidate owns any of our securities, (iv) whether the director candidate has a direct or indirect material interest in any transaction in which we are a participant, (v) a description of all relationships between the director candidate and the recommending stockholder, and (vi) a statement setting forth the director candidate's qualifications. Submissions should be addressed to the nominating and governance committee care of our Corporate Secretary at our principal headquarters, 7100 Technology Drive, West Melbourne, Florida 32904. Submissions must be made by mail, courier or personal delivery. E-mail submissions will not be considered.

Copies of the policies of the nominating and corporate governance committee are available on our website at https://www.bktechnologies.com/investor-relations.

Audit Committee

The Board of Directors has a standing audit committee. As of December 31, 2021, the members of the audit committee of the Board of Directors were as follows:

Director	Audit Committee
R. Joseph Jackson	Member
Charles T. Lanktree	Member
E. Gray Payne	Chair

The Board of Directors has determined that each member of the audit committee is, and was during 2021, independent, as defined by Rule 10A-3 of the Exchange Act, and the corporate governance listing standards of the NYSE American. The Board of Directors also has determined that General Payne is an "audit committee financial expert," as defined in Item 407(d)(5) of Regulation S-K.

Item 11. Executive Compensation

SUMMARY EXECUTIVE COMPENSATION TABLE FOR 2020-2021

The following table provides certain summary information concerning the compensation of our named executive officers for the last two completed fiscal years ended December 31, 2021:

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
John M. Suzuki(8) Chief Executive Officer	2021	150,770	—	—	64,345	—	5,0(3)	220,150
Timothy A. Vitou	2021	275,000	30,000	—	22,710	—	24,341(4)	352,051
President	2020	275,000	45,000	—	—	—	21,980	341,980
William P. Kelly(9)	2021	221,450	—	—	—	—	23,348(5)	244,798
Executive Vice President and Chief Financial Officer	2020	215,000	30,000	—	—	—	28,367	273,367
Randy Willis	2021	222,400	30,000	—	22,710	—	12,091(6)	287,201
Chief Operating Officer	2020	215,000	60,000	—	—	—	7,985	282,985
Branko Avanic	2021	244,445	30,000	—	22,710	—	14,359(7)	311,514
Chief Technology Officer	2020	235,000	75,000	—	—	—	11,477	321,477

(1) On March 2, 2022, at the recommendation of the compensation committee, the Board approved payment of cash bonuses of $30,000 to each of Mr. Vitou, Mr. Willis, and Dr. Avanic.

(2) The amounts in this column represent the aggregate grant date fair value of stock options granted to the Named Executive Officer computed in accordance with FASB ASC Topic 718. The value ultimately realized by the Named Executive Officer upon the actual exercise of the stock options may or may not be equal to the FASB ASC Topic 718 computed value. For a discussion of valuation assumptions, see Note 1 (Summary of Significant Accounting Policies) and Note 10 (Share-Based Employee Compensation) of our consolidated financial statements included in this Annual Report on Form 10-K for fiscal 2021.

On March 1, 2022, the compensation committee granted non-qualified stock options to Messrs. Suzuki, Vitou, Willis and Dr. Avanic to purchase 85,000, 30,000, 30,000 and 30,000 shares, respectively, of the Company's common stock, at an exercise price of $2.33 per share. Additional information about the stock option awards can be found below under "—Stock Option Awards."

(3) The amounts in this column for Mr. Suzuki represent the Company's matching contributions for fiscal 2021 of $2,019, to Mr. Suzuki's account under the Company's 401(k) plan; and the Company's payments for fiscal 2021 of $3,016, for long-term disability, life and health insurance premiums for the benefit of Mr. Suzuki.

(4) The amounts in this column for Mr. Vitou represent the Company's matching contributions for fiscal 2021 and fiscal 2020 of $5,534 and $2,909, respectively, to Mr. Vitou's account under the Company's 401(k) plan; the Company's payments for fiscal 2021 and fiscal 2020 of $8,231 and $8,495, respectively, for long-term disability, life and health insurance premiums for the benefit of Mr. Vitou; and the Company's payment for fiscal 2021 and fiscal 2020 of $10,576 and $10,576, respectively, for accrued unused vacation time.

(5) The amounts in this column for Mr. Kelly represent the Company's matching contributions for fiscal 2021 and fiscal 2020 of $6,776 and $2,729, respectively, to Mr. Kelly's account under the Company's 401(k) plan; the Company's payments for fiscal 2021 and fiscal 2020 of $8,055 and $8,495, respectively, for long-term disability, life and health insurance premiums for the benefit of Mr. Kelly; and the Company's payment for fiscal 2021 and fiscal 2020 of $8,517 and $17,144, respectively for accrued unused vacation time.

(6) The amounts in this column for Mr. Willis represent the Company's matching contribution for fiscal 2021 and fiscal 2020 of $6,793 and of $2,729, respectively, to Mr. Willis's account under the Company's 401(k) plan; the Company's payments for fiscal 2021 and fiscal 2020 of $5,298 and $5,256 for long-term disability, life and health insurance premiums for the benefit of Mr. Willis.

(7) The amount in this column for Dr. Avanic represents the Company's matching contributions for fiscal 2021 and fiscal 2020 of $6,088 and $2,982, respectively, to Dr. Avanic's account under the Company's 401(k) plan; the Company's payments for fiscal 2021 and 2020 of $8,271 and $8,495 for long-term disability, life and health insurance premiums for the benefit of Dr. Avanic.

(8) Effective July 19, 2021, Mr. Suzuki was appointed as Chief Executive Officer of the Company, effective immediately.

(9) On January 11, 2022, the Company announced Mr. Kelly's plans to retire. The Company anticipates that Mr. Kelly's retirement will be effective when his replacement begins full time work with the Company, but no later than June 30, 2022.

Except as disclosed above, Mr. Suzuki, Mr. Vitou, Mr. Kelly, Mr. Willis and Dr. Avanic did not receive any other compensation during fiscal 2021 or fiscal 2020, except for perquisites and other personal benefits, of which the total aggregate value for each of them did not exceed $10,000.

Named Executive Officer Appointments and Agreements

Appointment of Chief Executive Officer

On July 19, 2021, the Board of Directors appointed Mr. Suzuki as Chief Executive Officer of the Company, effective immediately. In connection with such appointment, BK Technologies, Inc. entered into an employment agreement with Mr. Suzuki, executed July 19, 2021 (the "Suzuki Employment Agreement"), which is described below.

The Suzuki Employment Agreement provides for an annual base salary of $350,000 for Mr. Suzuki.

Mr. Suzuki is eligible for performance-based compensation in the form of an annual bonus of 50% of his annual base salary, payable in cash, as determined by the compensation committee, and subject to the achievement of performance metrics and other criteria as determined by the compensation committee. Other equity incentive awards will be made to Mr. Suzuki based on performance as determined by the compensation committee. In the case of a Change of Control as such term is defined in the 2017 Plan, Mr. Suzuki will also be entitled to a bonus of 100% of his annual base salary, payable in a cash lump sum.

The Suzuki Employment Agreement provides for severance payments in the event Mr. Suzuki's employment is terminated by the Company without "cause." Mr. Suzuki will be entitled to an amount equal to twelve months of his base salary.

Any severance payable to Mr. Suzuki under the Suzuki Employment Agreement will be paid by the Company over a twelve-month period in accordance with the Company's normal payroll practices and subject to applicable law. Mr. Suzuki will not be entitled to severance payments in the event he is terminated for "cause." For purposes of the Suzuki Employment Agreement, "cause" will exist if Mr. Suzuki (i) acts dishonestly or incompetently or engages in willful misconduct in performance of his executive duties, (ii) breaches the Named Executive Officer's fiduciary duties owed to the Company, (iii) intentionally fails to perform duties assigned to him, (iv) is convicted or enters a plea of guilty or nolo contendere with respect to any felony crime involving dishonesty or moral turpitude, and/or (v) breaches his obligations under the Suzuki Employment Agreement.

Mr. Suzuki is also eligible to participate in the Company's benefit plans. The Suzuki Employment Agreement contains customary non-competition and non-solicitation covenants.

Other Employment Agreements

The Company entered into employment agreements with each of the following (collectively, as amended, the "Other Employment Agreements" and, collectively with the Suzuki Employment Agreement, the "Employment Agreements"): (i) Timothy A. Vitou, President; (ii) William P. Kelly, Executive Vice President, Chief Financial Officer and Secretary; (iii) Branko Avanic, Ph.D, Chief Technology Officer and (iv) Randy Willis, Chief Operating Officer. The Other Employment Agreements provide for an annual base salary of $275,000 for Mr. Vitou, $235,000 for Dr. Avanic and $215,000 for each of Messrs. Kelly and Willis, subject to adjustment by the Board.

Each Named Executive Officer in his respective Other Employment Agreement is eligible for performance-based compensation in the form of an annual bonus, payable in cash or through equity in the Company, as determined by the compensation committee, and subject to the achievement of performance metrics and other criteria as determined by the compensation committee.

The Other Employment Agreements provide for severance payments in the event the Named Executive Officer's employment is terminated by the Company without "cause." Each Named Executive Officer will be entitled to an amount equal to six months (twelve months for Mr. Vitou) of his base salary in effect at the time of termination or the original base salary set forth in his respective Other Employment Agreement, whichever is greater.

Any severance payable to a Named Executive Officer under his Other Employment Agreement will be paid by the Company over a twelve-month period in accordance with the Company's normal payroll practices and subject to applicable law. None of the Named Executive Officers will be entitled to severance payments in the event he is terminated for "cause." For purposes of the Other Employment Agreements, "cause" will exist if the Named Executive Officer (i) acts dishonestly or incompetently or engages in willful misconduct in performance of his executive duties, (ii) breaches the Named Executive Officer's fiduciary duties owed to the Company, (iii) intentionally fails to perform duties assigned to him, (iv) is convicted or enters a plea of guilty or nolo contendere with respect to any felony crime involving dishonesty or moral turpitude, and/or (v) breaches his obligations under his Other Employment Agreement.

The Named Executive Officers are also eligible to participate in the Company's benefit plans. The Other Employment Agreements contain customary non-competition and non-solicitation covenants.

On January 11, 2022, the Company announced Mr. Kelly's plans to retire. The Company anticipates that Mr. Kelly's retirement will be effective when his replacement begins full time work with the Company, but no later than June 30, 2022. In connection with Mr. Kelly's retirement, on January 11, 2022, the Company and Mr. Kelly entered into a Separation Agreement and General Release ("Separation Agreement"). Pursuant to the Separation Agreement, upon Mr. Kelly's retirement, the Company will pay to Mr. Kelly one hundred sixty-six thousand eighty-seven dollars and fifty cents ($166,087.50), which amounts to nine months of compensation at Mr. Kelly's current normal base pay rate, less taxes, social security and other required withholdings, to be paid in bi-weekly increments in accordance with the Company's regular payroll practices. Also pursuant to the Separation Agreement, upon Mr. Kelly's retirement, the Company will pay or reimburse the monthly premium or cost of COBRA health care coverage (approximately $1,119.96 monthly) for Mr. Kelly's wife, until August 7, 2022. Pursuant to the Separation Agreement, Mr. Kelly granted a general release to the Company from any and all claims (known or unknown), rights, or demands that Mr. Kelly has or may have against the Company and other released parties described in the Separation Agreement. In the Separation Agreement, Mr. Kelly was given required opportunities to seek advice of counsel and to revoke the Separation Agreement.

Compensation Consultant

In 2018, the compensation committee engaged Pay Governance LLC as an independent compensation consultant to assist the committee with the review and design of our executive compensation program, including providing the committee with pay data regarding the direct compensation program for our President, Chief Operating Officer, Chief Financial Officer and Chief Technology Officer. In connection with the committee's engagement of the consultant, the committee solicited information from Pay Governance LLC regarding any actual or perceived conflicts of interest and to evaluate the firm's independence. Based on the information received from the consultant, the compensation committee believes that the work Pay Governance LLC performed in 2018 did not raise a conflict of interest and that it was independent.

Base Salaries

On March 17, 2021, the Compensation Committee approved base salaries of $275,000, $221,450, $225,750, and $246,750 to Messrs. Vitou, Kelly and Willis, and Dr. Avanic, respectively. On July 19, 2021, in connection with Mr. Suzuki's appointment as Chief Executive officer and the Suzuki Employment agreement, the Board of Directors approved a base salary of $350,000 for Mr. Suzuki.

Bonus Payments

2021 Discretionary Cash Bonuses

On March 1, 2022, the compensation committee approved the payment of cash bonuses of $30,000 to Mr. Vitou, $30,000 to Mr. Willis, and $30,000 to Dr. Avanic.

Stock Option Awards

2021 Awards

On July 19, 2021, the compensation committee granted non-qualified stock options to Mr. Suzuki to purchase 100,000 shares of the Company's common stock at an exercise price of $3.08 per share. The options have a ten-year term and vested immediately.

On March 1, 2022, the compensation committee granted non-qualified stock options to Messrs. Suzuki, Vitou, Willis and Dr. Avanic to purchase 85,000, 30,000, 30,000 and 30,000 shares, respectively, of the Company's common stock, at an exercise price of $2.33 per share. The options have a ten-year term. Mr. Suzuki's options vest in five equal annual installments beginning on the grant date and thereafter on March 1, 2023, March 1, 2024, March 1, 2025, and March 1, 2026. The options granted to Mr. Vitou, Mr. Willis, and Dr. Avanic vest in three equal annual installments beginning on the grant date and thereafter on March 1, 2023, and March 1, 2024.

2017 Incentive Compensation Plan

The Company's stockholders approved the 2017 Incentive Compensation Plan (as amended, the "2017 Plan") at the Company's 2017 annual meeting of stockholders held on June 15, 2017. The 2017 Plan replaced the 2007 Incentive Compensation Plan (the "2007 Plan" and, together with the 2017 Plan, the "Equity Plans"), which had been approved by the stockholders in 2007. No new awards will be granted under the 2007 Plan.

In connection with the Reorganization, we assumed the Equity Plans and all of the outstanding equity awards under such Equity Plans pursuant to the Omnibus Amendment to Incentive Compensation Plans, dated as of March 28, 2019 (the "Omnibus Amendment"). Each outstanding equity award assumed by us is issuable upon the same terms and conditions as were in effect immediately prior to the completion of the Reorganization, except that all such equity awards now entitle the holder thereof to acquire our common stock.

The Company's stockholders approved an amendment to the 2017 Plan at the Company's 2021 annual meeting of stockholders held on December 17, 2021, to increase the number of authorized shares under the 2017 Plan from 1,000,000 shares to 3,000,000 shares.

The objective of the 2017 Plan is to provide incentives to attract and retain key employees, non-employee directors and consultants and align their interests with those of the Company's stockholders. The 2017 Plan is administered by the compensation committee and has a term of ten years. All non-employee directors of the Company and employees and consultants of the Company and its subsidiaries designated by the committee are eligible to participate in the 2017 Plan and to receive awards, including stock options (which may be incentive stock options or non-qualified stock options), stock appreciation rights, restricted shares, RSUs, or other share-based awards and cash-based awards.

OUTSTANDING EQUITY AWARDS AT 2021 FISCAL YEAR-END

The following table provides information with respect to outstanding stock option awards for our shares of common stock classified as exercisable and unexercisable as of December 31, 2021, for the Named Executive Officers.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable[(9)]	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
John M. Suzuki	100,000(1)	—	3.08	7/19/31
Timothy A. Vitou	5,000(2)	—	2.23	3/12/23
	20,000(3)	5,000	5.10	3/17/27
	8,000(4)	2,000	4.20	8/30/27
	18,000(5)	12,000	3.75	3/14/28
	12,000(7)	18,000	4.07	3/05/29
William P. Kelly	15,000(2)	—	2.23	3/12/23
	10,000(6)	—	3.83	2/24/26
	20,000(3)	5,000	5.10	3/17/27
	8,000(4)	2,000	4.20	8/30/27
	12,000(5)	8,000	3.75	3/14/28
	8,000(7)	12,000	4.07	3/05/29
Randy Willis	20,000(4)	5,000	4.20	8/30/27
	12,000(5)	8,000	3.75	3/14/28
	8,000(7)	12,000	4.07	3/05/29
Branko Avanic	12,000(8)	18,000	3.61	10/30/29

(1) The options were granted on July 19, 2021, and are fully vested and exercisable.

(2) The options were granted on March 12, 2013, and are fully vested and exercisable.

(3) The options were granted on March 17, 2017, and vest in five equal annual installments, beginning on March 17, 2018.

(4) The options were granted on August 30, 2017, and vest in five equal annual installments, beginning on August 30, 2018.

(5) The options were granted on March 14, 2018, and vest in five equal annual installments, beginning on March 14, 2019.

(6) The options were granted on February 24, 2016, and vest in five equal annual installments, beginning on February 24, 2017.

(7) The options were granted on March 5, 2019, and vest in five equal annual installments, beginning on March 5, 2020.

(8) The options were granted on October 30, 2019, and vest in five equal annual installments, beginning on October 30, 2020.

(9) None of the Named Executive Officers exercised any options during fiscal 2021.

RETIREMENT BENEFITS FOR 2021

We do not have a defined benefit plan for the Named Executive Officers or other employees. The only retirement plan available to the Named Executive Officers in 2021 was the qualified 401(k) retirement plan, which is available to all employees.

POTENTIAL PAYMENTS UPON TERMINATION OR IN CONNECTION WITH A CHANGE OF CONTROL

Employment Agreements

The Employment Agreements provide for severance payments in the event the Named Executive Officer's employment is terminated by the Company without "cause." Each Named Executive Officer will be entitled to an amount equal to six months (twelve months for Mr. Vitou and Mr. Suzuki) of his base salary in effect at the time of termination or the original base salary set forth in his respective Employment Agreement, whichever is greater.

Any severance payable to a Named Executive Officer under his Employment Agreement will be paid by the Company over a twelve-month period in accordance with the Company's normal payroll practices and subject to applicable law. None of the Named Executive Officers will be entitled to severance payments in the event he is terminated for "cause." For purposes of the Employment Agreements, "cause" will exist if the Named Executive Officer (i) acts dishonestly or incompetently or engages in willful misconduct in performance of his executive duties, (ii) breaches the Named Executive Officer's fiduciary duties owed to the Company, (iii) intentionally fails to perform duties assigned to him, (iv) is convicted or enters a plea of guilty or nolo contendere with respect to any felony crime involving dishonesty or moral turpitude, and/or (v) breaches his obligations under his Employment Agreement. Additionally, in the case of a Change of Control as such term is defined in the 2017 Plan, Mr. Suzuki will also be entitled to a bonus of 100% of his annual base salary, payable in a cash lump sum.

On January 11, 2022, the Company announced Mr. Kelly's plans to retire. The Company anticipates that Mr. Kelly's retirement will be effective when his replacement begins full time work with the Company, but no later than June 30, 2022. In connection with Mr. Kelly's retirement, on January 11, 2022, the Company and Mr. Kelly entered into a Separation Agreement and General Release ("Separation Agreement"). Pursuant to the Separation Agreement, upon Mr. Kelly's retirement, the Company will pay to Mr. Kelly one hundred sixty-six thousand eighty-seven dollars and fifty cents ($166,087.50), which amounts to nine months of compensation at Mr. Kelly's current normal base pay rate, less taxes, social security and other required withholdings, to be paid in bi-weekly increments in accordance with the Company's regular payroll practices. Also pursuant to the Separation Agreement, upon Mr. Kelly's retirement, the Company will pay or reimburse the monthly premium or cost of COBRA health care coverage (approximately $1,119.96 monthly) for Mr. Kelly's wife, until August 7, 2022. Pursuant to the Separation Agreement, Mr. Kelly granted a general release to the Company from any and all claims (known or unknown), rights, or demands that Mr. Kelly has or may have against the Company and other released parties described in the Separation Agreement. In the Separation Agreement, Mr. Kelly was given required opportunities to seek advice of counsel and to revoke the Separation Agreement.

Equity Plans and Award Agreements

The Company's Equity Plans and award agreements entered into with its Named Executive Officers include change in control provisions.

2017 Incentive Compensation Plan – Change in Control Provisions

Our 2017 Plan generally provides for "double-trigger" vesting of equity awards in connection with a change in control of the Company, as described below.

To the extent that outstanding awards granted under the 2017 Plan are assumed in connection with a change in control, then, except as otherwise provided in the applicable award agreement or in another written agreement with the participant, all outstanding awards will continue to vest and become exercisable (as applicable) based on continued service during the remaining vesting period, with performance-based awards being converted to service-based awards at the "target" level. Vesting and exercisability (as applicable) of awards that are assumed in connection with a change in control generally would be accelerated in full on a "double-trigger" basis, if, within two years after the change in control, the participant's employment is involuntarily terminated without cause, or by the participant for "good reason." Any stock options or stock appreciation rights ("SARs") that become vested on a "double-trigger" basis generally would remain exercisable for the full duration of the term of the applicable award.

To the extent outstanding awards granted under the 2017 Plan are not assumed in connection with a change in control, then such awards generally would become vested in full on a "single-trigger" basis, effective immediately prior to the change in control, with performance-based awards becoming vested at the "target" level. Any stock options or SARs that become vested on a "single-trigger" basis generally would remain exercisable for the full duration of the term of the applicable award.

The compensation committee has the discretion to determine whether or not any outstanding awards granted under the 2017 Plan will be assumed by the resulting entity in connection with a change in control, and the compensation committee has the authority to make appropriate adjustments in connection with the assumption of any awards. The compensation committee also has the right to cancel any outstanding awards in connection with a change in control, in exchange for a payment in cash or other property (including shares of the resulting entity) in an amount equal to the excess of the fair market value of the shares subject to the award over any exercise price related to the award, including the right to cancel any "underwater" stock options and SARs without payment therefor.

For purposes of the 2017 Plan, subject to exceptions set forth in the 2017 Plan, a "change in control" generally includes (a) the acquisition of more than 50% of the Company's common stock; (b) the incumbent board of directors ceasing to constitute a majority of the board of directors; (c) a reorganization, merger, consolidation or similar transaction, or a sale of substantially all of the Company's assets; and (d) the complete liquidation or dissolution of the Company. The full definition of "change in control" is set forth in the 2017 Plan.

Whether a participant's employment has been terminated for "cause" will be determined by the compensation committee. Unless otherwise provided in the applicable award agreement or in another written agreement with the participant, "cause," as a reason for termination of a participant's employment, generally includes (a) the participant's failure to perform, in a reasonable manner, his or her assigned duties; (b) the participant's violation or breach of his or her employment agreement, consulting agreement or other similar agreement; (c) the participant's violation or breach of any non-competition, non-solicitation, non-disclosure and/or other similar agreement; (d) any act of dishonesty or bad faith by the participant with respect to the Company or a subsidiary; (e) the participant's breach of fiduciary duties owed to the Company; (f) the use of alcohol, drugs or other similar substances in a manner that adversely affects the participant's work performance; or (g) the participant's commission of any act, misdemeanor, or crime reflecting unfavorably upon the participant or the Company or any subsidiary.

For purposes of the 2017 Plan, unless otherwise provided in the applicable award agreement or in another written agreement with the participant, "good reason" generally includes (a) the assignment to the participant of any duties that are inconsistent in any material respect with his or her duties or responsibilities as previously assigned by the Company or a subsidiary, or any other action by the Company or a subsidiary that results in a material diminution of the participant's duties or responsibilities, other than any action that is remedied by the Company or a subsidiary promptly after receipt of notice from the participant; or (b) any material failure by the Company or a subsidiary to comply with its obligations to the participant as agreed upon, other than an isolated, insubstantial and inadvertent failure which is remedied by the Company or subsidiary promptly after receipt of notice from the participant.

Except as described above with respect to a change in control, unexercisable stock options generally become forfeited upon termination of employment. The stock options that are exercisable at the time of termination of employment expire (a) twelve months after the termination of employment by reason of death or disability or (b) three months after the termination of employment for other reasons. With respect to unvested restricted shares and RSUs, unless otherwise provided in the applicable award agreement, the compensation committee, in its sole discretion, may provide for the full or partial acceleration of vesting of the restricted shares or RSUs, as applicable, in connection with the termination of the grantee's employment for any reason prior to a vesting date, including, but not limited to, termination of employment as a result of the grantee's death or disability. Unless action is otherwise taken by the compensation committee, any restricted shares or RSUs that have not yet vested will be forfeited automatically in the event of the termination of the grantee's employment for any reason prior to a vesting date.

The Company's Named Executive Officers, other employees and directors are prohibited from hedging or pledging the Company's securities. Awards granted under the 2017 Plan also may be subject to forfeiture or recoupment, as provided pursuant to any compensation recovery (or "clawback") policy that the Company may adopt or maintain from time to time.

2007 Incentive Compensation Plan – Change in Control Provisions

Our 2007 Plan, under which some equity awards remain outstanding, also contains provisions providing for the vesting of equity awards in connection with a change in control of the Company, as described below.

To the extent that outstanding awards granted under the 2007 Plan are assumed in connection with a change in control, then, except as otherwise provided in the applicable award agreement, all outstanding awards will continue to vest and become exercisable (as applicable) based on continued service during the remaining vesting period.

To the extent outstanding awards granted under the 2007 Plan are not assumed in connection with a change in control, then such awards generally would become vested in full on a "single-trigger" basis in connection with the change in control. With respect to any outstanding performance-based awards subject to achievement of performance goals and conditions, the compensation committee may, in its discretion, deem such performance goals and conditions as having been met as of the date of the change in control. Any stock options or SARs that become vested on a "single-trigger" basis generally would remain exercisable for the full duration of the term of the applicable award.

The compensation committee has the discretion to determine whether or not any outstanding awards granted under the 2007 Plan will be assumed by the resulting entity in connection with a change in control, and the committee has the authority to make appropriate adjustments in connection with the assumption of any awards. The committee also has the right to cancel any outstanding awards in connection with a change in control, in exchange for a payment in cash or other property (including shares of the resulting entity) in an amount equal to the excess of the fair market value of the shares subject to the award over any exercise price related to the award, including the right to cancel any "underwater" stock options and SARs without payment therefor.

For purposes of the 2007 Plan, subject to exceptions set forth in the 2007 Plan, a "change in control" generally includes: (a) the acquisition of more than 50% of the Company's common stock; (b) the incumbent board of directors ceasing to constitute a majority of the board of directors; (c) a reorganization, merger, consolidation or similar transaction, or a sale of substantially all of the Company's assets; and (d) the complete liquidation or dissolution of the Company. The full definition of "change in control" is set forth in the 2007 Plan.

DIRECTOR COMPENSATION FOR 2021

Director Compensation Program

On September 6, 2018, the Board, upon the recommendation of the compensation committee, adopted a new director compensation program for all non-employee directors, effective as of September 1, 2018. The program was adopted to remain competitive in attracting and retaining qualified Board members and to better align director compensation to other public companies of comparable size to the Company.

Under the program, each non-employee director receives an annual retainer fee of $50,000, payable in quarterly cash installments. Each non-employee director also receives an annual grant of RSUs with a value of $40,000 pursuant to the 2017 Plan. Each RSU represents a contingent right to receive one share of our common stock. The RSUs vest in five equal annual installments, beginning with the first anniversary of the grant date, subject to the recipient's continued service as a director of the Company through such date, provided that, if the director makes himself available and consents to be nominated by the Company for continued service as a director of the Company, but is not nominated for the Board of Directors for election by stockholders, other than for good reason, as determined by the Board in its discretion, then the RSUs will vest in full as of the director's last date of service as a director of the Company.

In addition, the director compensation program provides for an additional annual cash retainer of $75,000, payable in quarterly cash installments, for the Chairman of the Board, $3,000, payable in quarterly cash installments, for each Board committee served on, or an additional annual cash retainer of $10,000, payable in quarterly cash installments, per committee for service as committee chairman. All non-employee directors are entitled to reimbursement of reasonable out-of-pocket expenses incurred by them in connection with their attendance at meetings of the Board and any committee thereof on which they serve. If a non-employee director does not serve on the Board or a Board committee, or as Chairman or as a Board committee chairman, for the full year, the Board and any applicable Board committee, Board Chairman, and any Board committee chairman retainers are prorated for the portion of the year served. If a non-employee director joins the Board after the grant of RSUs for that year, the non-employee director's grant of RSUs will be prorated for the portion of the year to be served.

Our 2017 Plan provides that the aggregate grant date fair value of all awards granted to any single non-employee director during any single calendar year (determined as of the applicable grant date(s) under applicable financial accounting rules), taken together with any cash fees paid to the non-employee director during the same calendar year, may not exceed $200,000.

The following table shows the compensation paid to our non-employee directors for fiscal 2021:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[(1)]	Total ($)
E. Gray Payne[(2)]	110,500	20,003	130,503
D. Kyle Cerminara[(2)]	50,000	20,003	70,003
Michael R. Dill[(2)]	66,750	20,003	86,753
Charles T. Lanktree[(2)]	59,000	20,003	79,003
R. Joseph Jackson[(2)]	12,500	—	12,500
Inez M. Tenenbaum[(2)]	12,500	—	12,500
John W. Struble[(3)]	75,000	75,819[(4)]	150,819

(1) Stock awards represent the aggregate grant date fair value of 15,480 RSUs granted on August 17, 2021, to each of Messrs. Cerminara, Dill, Lanktree, Struble, and General Payne. The RSUs were granted pursuant to the 2017 Plan and represent a portion of the compensation payable to our non-employee directors, as described above. Each RSU represents a contingent right to receive one share of our common stock. The RSUs vest in full in five equal annual installments, beginning on the first anniversary of the grant date, subject to the director's continued service as a director of the Company through such date, provided that, if the director makes himself available and consents to be nominated by the Company for continued service as a director of the Company, but is not nominated for the Board for election by stockholders, other than for good reason, as determined by the Board in its discretion, then the RSUs shall vest in full as of the director's last date of service as a director of the Company. In addition, the 2017 Plan and the RSU award agreements grant the compensation committee the discretion to accelerate vesting of the RSUs upon the occurrence of a "change in control" (as defined under the 2017 Plan) or in connection with the termination of the director's service for any reason prior to the vesting date.

The amounts shown represent the aggregate grant date fair value computed in accordance with FASB Accounting Standards Codification (ASC) Topic 718 "Compensation-Stock Compensation" ("FASB ASC Topic 718"). For a discussion of valuation assumptions, see Note 1 (Summary of Significant Accounting Policies) and Note 10 (Share-Based Employee Compensation) of our consolidated financial statements included in our Annual Report on Form 10-K for fiscal 2021.

(2) The aggregate number of option and stock awards outstanding (including exercised and unexercised stock options and unvested RSUs) as of December 31, 2021, for each non-employee director was as follows:

Name	Option Awards (#)	Stock Awards (#)
E. Gray Payne	5,000 (all exercisable)	34,262 RSUs
D. Kyle Cerminara	—	34,262 RSUs
Michael R. Dill	—	34,262 RSUs
Charles T. Lanktree	—	34,262 RSUs
R. Joseph Jackson	—	—
Inez M. Tenenbaum	—	—
John W. Struble	—	—

The RSUs outstanding for each director listed above as of December 31, 2021 include 2,024 RSUs remaining pursuant to a grant made to General Payne and Messrs. Cerminara, Dill and Lanktree on September 6, 2018 (not including 3,039 RSUs that vested prior to December 31, 2021), 6,233 RSUs remaining pursuant to a grant made to General Payne and Messrs. Cerminara, Dill and Lanktree on September 6, 2019 (not including 4,156 RSUs that vested prior to December 31, 2021), 10,525 RSUs remaining pursuant to a grant made to General Payne and Messrs. Cerminara, Dill and Lanktree on August 24, 2020 (not including 2,632 RSUs that vested prior to December 31, 2021) and 15,480 RSUs remaining pursuant to a grant made to General Payne and Messrs. Cerminara, Dill and Lanktree on August 17, 2021. Such RSUs vest in full in five equal annual installments, beginning on the first anniversary of the respective grant date, in each case subject to the director's continued service as a director of the Company through such date, provided that, if the director makes himself available and consents to be nominated by the Company for continued service as a director of the Company, but is not nominated for the Board of directors for election by stockholders, other than for good reason, as determined by the Board in its discretion, then the RSUs will vest in full as of the director's last date of service as a director of the Company. See footnote 1 above for more information. On December 17, 2021, upon the resignation of Mr. Struble, the Company, at the direction of the Board of Directors, accelerated the vesting of Mr. Struble's unvested restricted stock units granted September 6, 2018, September 6, 2019, August 24, 2020, and July 30, 2021, and issued 34,264 shares of common stock to Mr. Struble.

(3) Mr. Struble was a member of the Board until the 2021 annual meeting of stockholders held on December 17, 2021, when he did not stand for re-election.

(4) The amounts shown includes 34,264 shares of the Company's common stock issued pursuant to accelerated vesting of outstanding awards as of December 17, 2021, the date of Mr. Struble's resignation from the Board.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee of the Board of Directors consists of Mr. Dill (Chair), Mr. Lanktree, and Ms. Tenenbaum, none of whom has been at any time an executive officer or employee of the Company, or has any relationship requiring disclosure under Item 404 of Regulation S-K. None of our executive officers serves, or in the past has served, on the board of directors, or as a member of the compensation committee (or other committee performing an equivalent function) of the board of directors of any entity that has one or more executive officers who serve as members of our Board of Directors or Compensation Committee.

Compensation Committee Report

The following report of the Compensation Committee shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission, nor shall this report be incorporated by reference into any filing made by the Company under the Securities Act of 1933, as amended, or the Exchange Act.

The Compensation Committee has reviewed and discussed the executive compensation, as disclosed above, with management. Based on this review and those discussions, the Compensation Committee recommended that the executive compensation be included in this report.

Compensation Committee

Michael R. Dill (Chair)
Charles T. Lanktree
Inez M. Tenenbaum

March 1, 2022

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

BENEFICIAL OWNERSHIP OF SECURITIES

The table below sets forth information regarding the beneficial ownership of our common stock as of April 27, 2022, by the following individuals or groups:

- each person who is known by us to own beneficially more than 5% of our common stock;
- each of our directors;
- each of our named executive officers identified in the "Summary Compensation Table For 2021-2022" appearing in this report (the "Named Executive Officers"); and
- all of our current directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of our common stock that are subject to our stock options that are presently exercisable or exercisable within 60 days of April 27, 2022, as well as shares of common stock issuable within 60 days of April 27, 2022, upon vesting of restricted stock units ("RSUs"), are deemed to be outstanding and beneficially owned by the person holding the stock options or RSUs, as applicable, for the purpose of computing the percentage of ownership of that person, but are not treated as outstanding for the purpose of computing the percentage of any other person.

Unless indicated otherwise below, the address of our directors and executive officers is c/o BK Technologies Corporation, 7100 Technology Drive, West Melbourne, Florida 32904. Except as indicated below, the persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them. As of April 27, 2022, we had outstanding 16,864,599 shares of our common stock.

	Shares of Common Stock Beneficially Owned	
Name and Address of Beneficial Owner	**Number of Shares**	**Percent of Class**
Beneficial Owners of More Than 5% of Our Common Stock:		
Fundamental Global GP, LLC	2,628,313(1)(10)	15.58%
D. Kyle Cerminara, Director	2,650,284(2)(10)	15.72%
Benchmark Capital Advisors	1,526,473(3)	9.05%
AIGH Capital Management, LLC	1,373,750(4)	8.15%
Donald F.U. Goebert	1,264,508(5)	7.50%
Directors, Director Nominees and Named Executive Officers (not otherwise included above):		
John M. Suzuki, Chief Executive Officer and Director	142,410(6)(10)	*
Timothy A. Vitou, President	105,500(6)(10)	*
William P. Kelly, Executive Vice President and Chief Financial Officer	102,827(6)(7)(10)	*
Randy Willis, Chief Operating Officer	50,000(6)(10)	*
Branko Avanic, Chief Technology Officer	22,000(6)(10)	*
Michael R. Dill, Director	15,062(10)	*
R. Joseph Jackson, Director	650,915(8)	3.86%
Charles T. Lanktree, Director	22,764(9)(10)	*
E. Gray Payne, Chairman of the Board	28,592(6)(10)	*
Inez M. Tenenbaum, Director	0	0%
All current directors and executive officers as a group (11 persons)	3,790,354(11)	22.48%

*Less than 1%

(1) The amount shown and the following information is derived from a Schedule 13D, as amended, filed with the SEC by Fundamental Global GP, LLC (“FG”) and its affiliates on August 24, 2021, disclosing ownership of 2,628,313 shares. FG is deemed to beneficially own the shares disclosed as directly owned by certain of its affiliates. In addition, D. Kyle Cerminara, a member of our Board, and affiliate of FG, holds an additional 21,971 shares of common stock (including exercisable options), which increases the total number of shares beneficially owned by FG to 2,650,284, or 15.73% of outstanding shares. FG has shared voting and dispositive power with respect to all such shares. FG’s business address is 108 Gateway Blvd., Suite 204, Mooresville, NC 28117.

(2) Mr. Cerminara is the Chief Executive Officer, Co-Founder and Partner of FG. Due to his positions with FG, Mr. Cerminara is deemed to beneficially own the 3,374,321 shares disclosed as directly owned by certain affiliates of FG. Mr. Cerminara expressly disclaims beneficial ownership of these shares. The business addresses for Mr. Cerminara are c/o Fundamental Global GP, LLC, 108 Gateway Blvd., Suite 204, Mooresville, NC 28117; c/o Ballantyne Strong, Inc., 4201 Congress Street, Suite 175, Charlotte, North Carolina 28209.

(3) The amount shown and the following information is derived from a Schedule 13G/A filed by Benchmark Capital Advisors (“Benchmark”) on April 27, 2018. According to the Schedule 13G/A, Benchmark beneficially owns 1,526,473 shares, and has sole voting and dispositive power with respect to 933,924 of these shares and shared voting and dispositive power with respect to 592,549 of these shares. Benchmark’s business address is 14 Wall Street, Suite 2087, New York, New York 10005.

(4) The amount shown and the following information is derived from a Schedule 13G/A filed by AIGH Capital Management, LLC (“AIGH”) on February 11, 2022. According to the Schedule 13G/A, AIGH beneficially owns 1,373,750 shares, over which it has sole voting and dispositive power. Also according to the Schedule 13G/A, each of AIGH Investment Partners, L.L.C. (“AIGHIP”), and Mr. Orin Hirschman may be deemed to beneficially own, and have sole voting and dispositive power over, such shares. The principal business address of AIGH, AIGHIP, and Mr. Hirschman is 6006 Berkeley Avenue, Baltimore, Maryland 21209.

(5) The amount shown is based on Mr. Goebert’s Form 4 filed on December 30, 2016, plus 6,225 shares acquired upon option exercises since the filing of the Form 4, and reflects the repurchase by the Company on December 12, 2018 of 200,000 shares of common stock held by Mr. Goebert. Mr. Goebert’s primary address is 3382 Harbor Road S., Tequesta, Florida 33469.

(6) Share ownership of the following persons includes options to purchase our common shares presently exercisable or exercisable within 60 days of April 27, 2022, as follows: for Mr. Suzuki – 117,000 shares; for Mr. Vitou – 73,000 shares; for Mr. Kelly – 73,000 shares; for Mr. Willis – 50,000 shares; for Dr. Avanic – 22,000 shares; and for General Payne – 5,000 shares.

(7) Includes 26,827 shares held jointly by Mr. Kelly with his wife.

(8) Includes 6,000 shares owned by Robert Joseph Jackson SEP-IRA and 630,915 shares owned by Metrolina Capital Investors, LLC ("Metrolina Capital"). Because Mr. Jackson currently serves as the Managing Partner of Metrolina Capital, Mr. Jackson is deemed to beneficially own the 630,915 shares disclosed. Mr. Jackson expressly disclaims beneficial ownership of these shares.

(9) Includes 7,702 shares directly owned by the Donna B. Lanktree Family Trust, the trustee of which is Donna B. Lanktree, the spouse of Mr. Lanktree.

(10) The following options are not reflected in the table, as they are not presently exercisable or exercisable within 60 days of April 27, 2022: options to purchase 68,000 common shares held by Mr. Suzuki; options to purchase 57,000 common shares held by Mr. Vitou; options to purchase 27,000 common shares held by Mr. Kelly; options to purchase 35,000 shares held by Mr. Willis; and options to purchase 38,000 common shares held by Dr. Avanic.

The table also does not include the following RSUs held by each of Messrs. Cerminara, Dill, Lanktree, and General Payne: 2,024 RSUs remaining pursuant to a grant made on September 6, 2018 (not including 1,013 RSUs that vested as of September 6, 2019, 1,013 RSUs that vested as of September 6, 2020, and 1,013 RSUs that vested as of September 6, 2021); 6,233 RSUs remaining pursuant to a grant made on September 6, 2019 (not including 2,078 RSUs that vested as of September 6, 2020 and 2,078 RSUs that vested as of September 6, 2021); 10,526 RSUs remaining pursuant to a grant made on August 24, 2020 (not including 2,631 RSUs that vested as of August 24, 2021), and 15,480 RSUs granted on July 30, 2021. The RSUs vest in five equal annual installments, beginning on the first anniversary of the respective grant date, in each case subject to the director's continued service as a director of the Company through such date. All RSUs were granted under the Company's 2017 Incentive Compensation Plan (the "2017 Plan"). Each RSU represents a contingent right to receive one share of common stock of the Company.

(11) Includes 2,628,313 shares reported as beneficially owned by FG, of which Mr. Cerminara is deemed to have beneficial ownership by virtue of his position with FG. Includes 26,827 shares held jointly by Mr. Kelly with his wife. Includes 630,915 shares reported as beneficially owned by Metrolina Capital, of which Mr. Jackson is deemed to have beneficial ownership by virtue of his position with Metrolina Capital. Includes 7,702 shares directly owned by the Donna B. Lanktree Family Trust, the trustee of which is Donna B. Lanktree, the spouse of Mr. Lanktree. Includes options to purchase common shares presently exercisable or exercisable within 60 days of April 27, 2022, as follows: for Mr. Suzuki – 117,000 shares; for Mr. Vitou – 73,000 shares; for Mr. Kelly – 73,000 shares; for Mr. Willis – 50,000 shares; for Dr. Avanic – 22,000 shares; and for General Payne – 5,000 shares.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2021, with respect to our 2017 Plan, under which our common stock is authorized for issuance, and the 2007 Plan. Our stockholders approved the 2017 Plan at the 2017 annual stockholders' meeting. The Company's stockholders approved an amendment to the 2017 Plan at the Company's 2021 annual meeting of stockholders held on December 17, 2021, to increase the number of authorized shares under the 2017 Plan from 1,000,000 shares to 3,000,000 shares. On December 31, 2021, 1,949,988 shares of our common stock were available for issuance under the 2017 Plan.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a))(2)
Equity compensation plans approved by security holders	813,548	$ 3.68	1,949,988
Equity compensation plans not approved by security holders	—	—	—
Total	813,548	$ 3.68	1,949,988

(1) Includes 808,548 shares issuable upon the exercise or vesting of awards (including stock options and restricted stock units) outstanding under the 2017 Plan and 5,000 shares issuable upon the exercise of awards outstanding under the 2007 Plan.

(2) Represents shares available for issuance under the 2017 Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

TRANSACTIONS WITH RELATED PERSONS

Any transaction with a related person is subject to our written policy for transactions with related persons, which is available on our website at https://www.bktechnologies.com/investor-relations-3. The audit committee is responsible for applying this policy. As set forth in the policy, the audit committee reviews the material facts of the transaction and considers, among other factors it deems appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person's interest in the transaction. The policy also prohibits our directors from participating in any discussion or approval of any interested transaction for which he is a related person, except that the director is required to provide all material information concerning the transaction to the committee.

If a transaction with a related party will be ongoing, the audit committee will establish guidelines for our management to follow in our ongoing relationships with the related person, will review and assess ongoing relationships with the related person to determine if such relationships are in compliance with the audit committee's guidelines, and, based on all the relevant facts and circumstances, will determine if it is in the best interests of us and our stockholders to continue, modify or terminate any such interested transaction.

The policy provides exceptions for certain transactions, including (i) those involving compensation paid to a director or executive officer required to be reported in the Company's proxy statement, (ii) transactions with another company at which a related person's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed the greater of $500,000 or two percent (2%) of that company's total annual revenues, (iii) certain charitable contributions, (iv) transactions where all of our stockholders receive proportional benefits, (v) transactions involving competitive bids, (vi) certain regulated transactions, and (vii) certain banking-related services.

Except as set forth below, during 2021 and 2020, we did not have any transactions with related persons that were reportable under Item 404 of Regulation S-K, and we do not have any transactions with related persons currently proposed for 2021 that are reportable under Item 404 of Regulation S-K.

Fundamental Global GP, LLC ("FG")

FG, together with its affiliates, is the largest stockholder of the Company. Mr. Cerminara, a member of our Board of Directors, is Chief Executive Officer, Co-Founder and Partner of Fundamental Global. We have an investment in a limited partnership, FGI 1347 Holdings, LP, of which we are the sole limited partner. FGI 1347 Holdings, LP was established for the purpose of investing in securities using a portion of the proceeds from our previously successful investment in Iteris, Inc. (Nasdaq: ITI), which was liquidated for a substantial gain. Affiliates of Fundamental Global serve as the general partner and investment manager of FGI 1347 Holdings, LP. Fundamental Global has not received any management fees or performance fees for its services to the limited partnership. Principals of Fundamental Global serve on the board of directors of portfolio companies and receive compensation for their service.

Indemnification Agreements

On July 22, 2020, the Company entered into indemnification agreements with each of its directors and executive officers. Under the terms of the indemnification agreements, subject to certain exceptions specified in the indemnification agreements, the Company will, among other things, indemnify its directors and executive officers to the fullest extent permitted by law in the event such director or executive officer becomes subject to or a participant in certain claims or proceedings as a result of his service as a director or officer. The Company will also, subject to certain exceptions and repayment conditions, advance to such director or executive officer specified indemnifiable expenses incurred in connection with such claims or proceedings.

DIRECTOR INDEPENDENCE

The NYSE American corporate governance listing standards provide that the Company, as a smaller reporting company, may have a board of directors consisting of at least fifty percent (50%) independent directors. Our Board of Directors reviews the relationships that each director has with us and other parties. Only those directors who do not have any of the categorical relationships that preclude them from being independent within the independence requirements of the NYSE American corporate governance listing standards and who the Board of Directors affirmatively determines have no relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director are considered to be independent directors. The Board of Directors reviews a number of factors to evaluate the independence of each of its members. These factors include its members' current and historic relationships with us and our subsidiaries; their relationships with management and other directors; the relationships their current and former employers have with us and our subsidiaries; and the relationships between us and other companies of which our Board members are directors or executive officers. The Board of Directors reviewed the various factors described above in April 2021, including an evaluation of the holdings of FG, one of our most significant stockholders, and Mr. Cerminara's positions as its Chief Executive Officer, Co-Founder and Partner, and our investment in FG Financial Group, Inc. (Nasdaq: FGF), through our investment in FGI 1347 Holdings, LP, a consolidated variable interest entity of which we are the sole limited partner. Pursuant to such evaluation, the Board of Directors determined that Messrs. Dill, Jackson, Lanktree, General Payne, and Ms. Tenenbaum were "independent" directors within the independence requirements of the NYSE American corporate governance listing standards and all applicable rules and regulations of the SEC. All Board committee members during 2021 were, and all current Board committee members are, independent for the purpose of the committees on which they served or serve.

Independent members of our Board of Directors meet in executive session without the presence of non-independent directors and management, and are scheduled to do so at least once per year.

Item 14. Principal Accounting Fees and Services

MSL, P.A ("MSL"), an independent registered public accounting firm, audited our financial statements for fiscal 2021 and fiscal 2020. We had no disagreements with MSL on accounting and financial disclosures. MSL's work on our audit for fiscal 2021 was performed by full time, permanent employees and shareholders of MSL.

MSL has served as our independent registered public accounting firm since November 2015. The rules of the SEC require us to disclose fees billed by our independent registered public accounting firm for services rendered to us for each of the years ended December 31, 2021 and 2020. The following table represents aggregate fees billed for the fiscal years ended December 31, 2021 and 2020 by MSL.

Fees(1)(2)(3)(4)	**2021**	**2020**
Audit Fees	$ 178,650	$ 152,500
Audited-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total	$ 178,650	$ 152,500

(1) For 2021 and 2020, includes fees paid to MSL for professional services rendered for the audit of our annual financial statements for the years ended December 31, 2021and 2020 and for reviews of the financial statements included in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, June 30 and September 30 in each of those years. For 2021, also includes fees related to service rendered in connection with the comfort letter and for 2020, also includes fees related to services rendered in connection with issuance of a consent related to our registration statement on Form S-3 filed in December 2020.

(2) No audit-related services were performed for us by MSL in 2021 or 2020. Audit-related services include assurance and related services that are related to the performance of the audit or review of our financial statements.

(3) No tax services were performed for us by MSL in 2021 or 2020. Tax services include tax compliance, tax advice and tax planning.

(4) No other services were performed for us by MSL in 2021 or 2020.

The audit committee has adopted a formal policy concerning approval of audit and non-audit services to be provided to us by our independent registered public accounting firm, MSL. The policy requires that all services to be provided by MSL, including audit services and permitted audit-related and non-audit services, must be pre-approved by the audit committee. The audit committee approved all audit services provided by MSL to us during 2021. MSL did not provide any audit-related or non-audit services to us during 2021. The audit committee has determined that the provision of the services by MSL reported hereunder had no impact on its independence.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this report:

(b) Exhibits:

Number	Exhibit
2.1	Articles of Merger, filed with the Nevada Secretary of State on March 28, 2019 (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K12B filed March 28, 2019)
3.1	Articles of Incorporation (incorporated by reference from Exhibit 3.1 to the Company's Annual Report on Form 10-K filed March 17, 2022)
3.1.1	Certificate of Amendment to Articles of Incorporation (incorporated by reference from Exhibit 3.1.1 to the Company's Annual Report on Form 10-K filed March 17, 2022)
3.2	Bylaws (incorporated by reference from Exhibit 3.3 to the Company's Current Report on Form 8-K12B filed March 28, 2019)
4.1	Description of the Company's Registered Securities (incorporated by reference from Exhibit 4.1 to the Company's Annual Report on Form 10-K filed March 17, 2022)
4.2	Form of Common Stock Certificate (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K12B filed March 28, 2019)
10.1+	2007 Incentive Compensation Plan (incorporated by reference from Annex G to the Company's Definitive Proxy Statement on Schedule 14A filed April 5, 2007, relating to the 2007 annual stockholders' meeting)
10.2+	Amendment to the 2007 Incentive Compensation Plan, effective as of March 17, 2017 (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 21, 2017)
10.3+	Form of 2007 Incentive Compensation Plan Stock Option Agreement (incorporated by reference from Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012)
10.4+	2017 Incentive Compensation Plan (incorporated by reference from Exhibit 4.5 to the Company's Registration Statement on Form S-8 filed June 15, 2017)
10.5+	Omnibus Amendment to Incentive Compensation Plans, dated as of March 28, 2019, by and between BK Technologies, Inc. and BK Technologies Corporation (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K12B filed March 28, 2019)
10.6+	Amendment No. 1 to 2017 Incentive Compensation Plan dated December 17, 2021 (incorporated by reference from Exhibit 10.6 to the Company's Annual Report on Form 10-K filed March 17, 2022)
10.7+	Form of Stock Option Agreement under the 2017 Incentive Compensation Plan (incorporated by reference from Exhibit 4.6 to the Company's Registration Statement on Form S-8 filed June 15, 2017)

10.8+	Form of Restricted Share Agreement under the 2017 Incentive Compensation Plan (incorporated by reference from Exhibit 4.7 to the Company’s Registration Statement on Form S-8 filed June 15, 2017)
10.9+	Form of Restricted Stock Unit Agreement under the 2017 Incentive Compensation Plan (incorporated by reference from Exhibit 4.8 to the Company’s Registration Statement on Form S-8 filed June 15, 2017)
10.10+	Form of Non-Employee Director Restricted Share Unit Agreement under the 2017 Incentive Compensation Plan (September 2018) (Incorporated by reference from Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed November 7, 2018)
10.11+	Form of Stock Option Agreement under the BK Technologies Corporation 2017 Incentive Compensation Plan (incorporated by reference from Exhibit 10.2 to the Company’s Current Report on Form 8-K12B filed March 28, 2019)
10.12+	Form of Restricted Share Agreement under the BK Technologies Corporation 2017 Incentive Compensation Plan (incorporated by reference from Exhibit 10.3 to the Company’s Current Report on Form 8-K12B filed March 28, 2019)
10.13+	Form of Restricted Stock Unit Agreement under the BK Technologies Corporation 2017 Incentive Compensation Plan (incorporated by reference from Exhibit 10.4 to the Company’s Current Report on Form 8-K12B filed March 28, 2019)
10.14+	Relocation Agreement, dated December 31, 2019, between the Company and Henry R. (Randy) Willis (incorporated by reference from Exhibit 10.20 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2018)
10.15+	Employment Agreement, executed March 20, 2019, by and between BK Technologies, Inc. and Timothy A. Vitou (incorporated by reference from Exhibit 10.1 to the Company’s Current Report on Form 8-K filed March 21, 2019)
10.16+	Employment Agreement, executed March 20, 2019, by and between BK Technologies, Inc. and William P. Kelly (incorporated by reference from Exhibit 10.2 to the Company’s Current Report on Form 8-K filed March 21, 2019)
10.17+	Employment Agreement, executed March 20, 2019, by and between BK Technologies, Inc. and Randy Willis (incorporated by reference from Exhibit 10.3 to the Company’s Current Report on Form 8-K filed March 21, 2019)
10.18+	Employment Agreement, dated October 31, 2019, by and between BK Technologies, Inc. and Branko Avanic (incorporated by reference from Exhibit 10.19 to the Company’s Annual Report on Form 10-K filed March 4, 2020)
10.19+	Employment Agreement, dated July 19, 2021, by and between BK Technologies, Inc., and John M. Suzuki (incorporated by reference from Exhibit 10.1 to the Company’s Current Report on Form 8-K filed July 20, 2021)
10.20	Credit Agreement, executed as of January 30, 2020, by and between JPMorgan Chase Bank, N.A., as lender, and BK Technologies, Inc., as borrower (incorporated by reference from Exhibit 10.1 to the Company’s Current Report on Form 8-K filed January 30, 2020)
10.21	Line of Credit Note, executed as of January 31, 2022, by BK Technologies, Inc., as borrower, for the benefit of JPMorgan Chase Bank, N.A., as lender (incorporated by reference from Exhibit 10.21 to the Company’s Annual Report on Form 10-K filed March 17, 2022)
10.22	Continuing Guaranty, executed as of January 30, 2020, by and among JPMorgan Chase Bank, N.A., as lender, and BK Technologies Corporation and RELM Communications, Inc., as guarantors (incorporated by reference from Exhibit 10.3 to the Company’s Current Report on Form 8-K filed January 30, 2020)

10.23	Continuing Security Agreement, executed as of January 30, 2020, by and between JPMorgan Chase Bank, N.A., as lender, and BK Technologies, Inc., as pledgor (incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K filed January 30, 2020)
21	Subsidiaries of the Company (incorporated by reference from Exhibit 21 to the Company's Annual Report on Form 10-K filed March 17, 2022)
23.1*	Consent of MSL, P.A. relating to the Company's Registration Statements on Form S-8 (Registration No. 333-218765 and Registration No. 333-147354) and Form S-3 (Registration No. 333-251307)
24	Power of Attorney (included in original filing)
31.1*	Certification Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished pursuant to Item 601(b)(32) of Regulation S-K)
32.2**	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished pursuant to Item 601(b)(32) of Regulation S-K)
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Definition Linkbase Document

* Included with this filing.

** Furnished herewith (not filed).

\+ Management contract or compensatory plan or arrangement.

(c) Consolidated Financial Statement Schedules:

All schedules have been omitted because they are inapplicable or not material, or the information called for thereby is included in the Consolidated Financial Statements and notes thereto.

Item 16. Form 10-K Summary

None.

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.

BK TECHNOLOGIES CORPORATION

By: /s/ John M. Suzuki
John M. Suzuki
Chief Executive Officer

Date: April 29, 2022

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

BK Technologies Corporation
West Melbourne, Florida

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Registration No. 333-218765 and Registration No. 333-147354) and Form S-3 (Registration No. 333-251307) of BK Technologies Corporation of our report dated March 17, 2022, relating to the consolidated financial statements, which appears in this Form 10-K/A.

/S/ MSL, P.A.

Orlando, Florida
April 29, 2022

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, John M. Suzuki, Chief Executive Officer of BK Technologies Corporation, certify that:

1. I have reviewed this annual report on Form 10-K/A of BK Technologies Corporation;

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 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 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: April 29, 2022

/s/ John M. Suzuki
John M. Suzuki
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, William P. Kelly, Executive Vice President and Chief Financial Officer of BK Technologies Corporation, certify that:

1. I have reviewed this annual report on Form 10-K/A of BK Technologies Corporation;

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 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 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: April 29, 2022

/s/ William P. Kelly
William P. Kelly
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

BK TECHNOLOGIES CORPORATION

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of BK Technologies Corporation (the "Company") on Form 10-K/A for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John M. Suzuki, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(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.

/s/ John M. Suzuki
John M. Suzuki
Chief Executive Officer

Date: April 29, 2022

EXHIBIT 32.2

BK TECHNOLOGIES CORPORATION

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of BK Technologies Corporation (the "Company") on Form 10-K/A for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William P. Kelly, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(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.

/s/ William P. Kelly
William P. Kelly
Executive Vice President and
Chief Financial Officer

Date: April 29, 2022

Executive Officers and Directors

John M. Suzuki
Director; Chief Executive Officer

Timothy A. Vitou
President

William P. Kelly
Executive Vice President and Chief Financial Officer; Secretary

Henry R. (Randy) Willis
Chief Operations Officer

Branko Avanic
Chief Technology Officer

D. Kyle Cerminara
Director; CEO, Partner and Co-Founder, Fundamental Global GP, LLC

Michael R. Dill
Director; Sr. Vice President of Customers and Marketing, Albany Engineered Composites

Charles T. Lanktree
Director; Director, Eggland's Best, Inc. and affiliated companies; Former President and CEO Eggland's Best, Inc. and Eggland's Best LLC

Eugene Gray Payne, Major General USMC (Ret)
Chairman and Director; former Senior Vice President, The Columbia Group; Director, FG Financial Group

Inez M. Tenenbaum
Director; Attorney, Wyche, P.A.; Former Chairman, U.S. Consumer Product Safety Commission

R. Joseph Jackson
Director; Founder & Managing Partner, Metrolina Capital; Chairman, Carolina Business Capital; Board Member, Community First Bancorp & Community First Bank.

Stockholder Information

Corporate Offices
BK Technologies Corporation
7100 Technology Drive
West Melbourne, FL 32904
Phone: (321) 984-1414

Common Stock
BK Technologies Common Stock is traded on the NYSE American under the symbol "BKTI".

Transfer Agent
American Stock Transfer & Trust Company, LLC
40 Wall Street, 46th Floor
New York, NY 10005
Phone: (718) 921-8208

Independent Accountants
Moore Stephens Lovelace, P.A.
500 E. Broward Boulevard, Suite 1550
Ft. Lauderdale, FL 33394
Phone: (305) 819-9555

Legal Counsel
Kirton McConkie
50 E. South Temple #400
Salt Lake City, UT 84111
Phone: (801) 328-3600

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