



Second Quarter 2024 Earnings Results

Thursday, August 8, 2024

NYSE American: BKT

This presentation contains certain forward-looking statements that are made pursuant to the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements concern the Company's operations, economic performance, and financial condition, including, but not limited to, statements regarding the Company's long-term strategic plan, and are based largely on the Company's beliefs and expectations. These statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of the Company, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors and risks, some of which have been, and may further be, exacerbated by the COVID-19 pandemic and the ongoing war in Ukraine, include, among others, the following: changes or advances in technology; the success of our land mobile radio product line; disruption in the global supply chain creating delays, unavailability and adverse conditions; successful introduction of new products and technologies, including our ability to successfully develop and sell our anticipated new multiband product and other related products in the planned new BKR Series product line; competition in the land mobile radio industry; general economic and business conditions, including federal, state and local government budget deficits and spending limitations, any impact from a prolonged shutdown of the U.S. Government, the ongoing effects of the COVID-19 pandemic and the ongoing war in Ukraine, including the impact of related sanctions being imposed by the U.S. Government and the governments of other countries, impact of potential reprisals as a consequence of the war in Ukraine and any related sanctions; the availability, terms and deployment of capital; reliance on contract manufacturers and suppliers; risks associated with fixed-price contracts; heavy reliance on sales to agencies of the U.S. Government and our ability to comply with the requirements of contracts, laws and regulations related to such sales; allocations by government agencies among multiple approved suppliers under existing agreements; our ability to comply with U.S. tax laws and utilize deferred tax assets; our ability to attract and retain executive officers, skilled workers and key personnel; our ability to manage our growth; our ability to identify potential candidates for, and to consummate, acquisition, disposition or investment transactions, and risks incumbent to being a noncontrolling interest stockholder in a corporation; impact of the COVID-19 pandemic or the ongoing war in Ukraine on the companies in which the Company holds investments; impact of our capital allocation strategy; risks related to maintaining our brand and reputation; impact of government regulation; impact of rising health care costs; our business with manufacturers located in other countries, including changes in the U.S. Government and foreign governments' trade and tariff policies, as well as any further impact resulting from the COVID-19 pandemic or the ongoing war in Ukraine; 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, such as the COVID-19 pandemic and the ongoing war in Ukraine; any infringement claims; data security breaches, cyber-attacks and other factors impacting our technology systems; availability of adequate insurance coverage; maintenance of our NYSE American listing; risks related to being a holding company; and the effect on our stock price and ability to raise equity capital of future sales of shares of our common stock. Certain of these factors and risks, as well as other risks and uncertainties, are stated in more detail in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, and in the Company's subsequent filings with the SEC. These forward-looking statements are made as of the date of this press release, and the Company assumes no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statement.

Significantly Improved Profitability and Enhanced Gross Margins

- **Fourth consecutive quarter of improving profitability;** 2Q24 EPS of \$0.47
- **Strengthened gross margin of 37.3%** driven by a shifting product mix and cost reduction initiatives
- **Strong demand** driven by CAL FIRE orders totaling over \$15M
- **Increased backlog** to \$27M in 2Q24

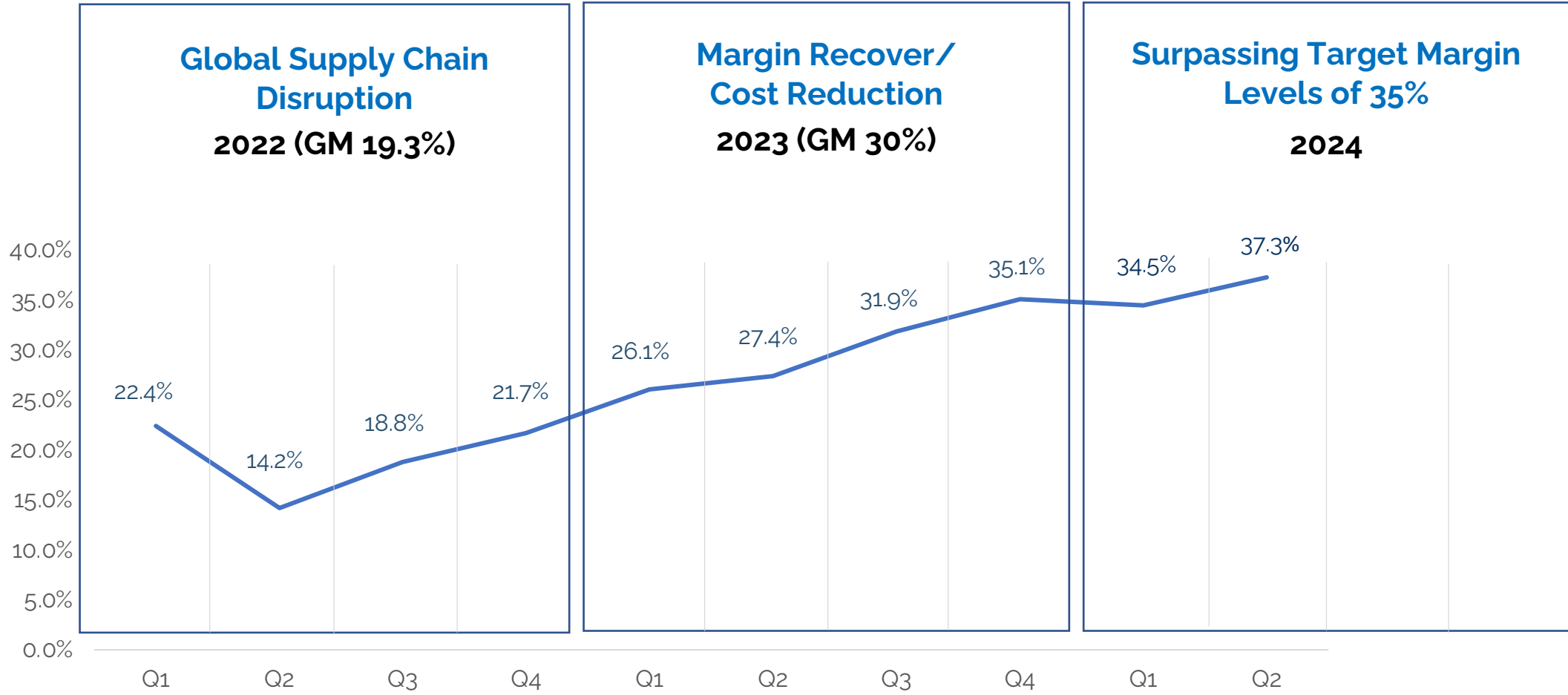
Ongoing Transition of Manufacturing to East West

- **Fully transferred KNG mobile manufacturing responsibilities** to East West location in Juarez, Mexico
- **Transition of BKR 9000 manufacturing responsibilities** to East West is underway
- **Realized reduced manufacturing costs in Q2 2024;** anticipate additional long-term cost savings will provide **enhanced gross margin profile and profitability**

Growing Interest in BKR 9000 Among Existing Customer Base

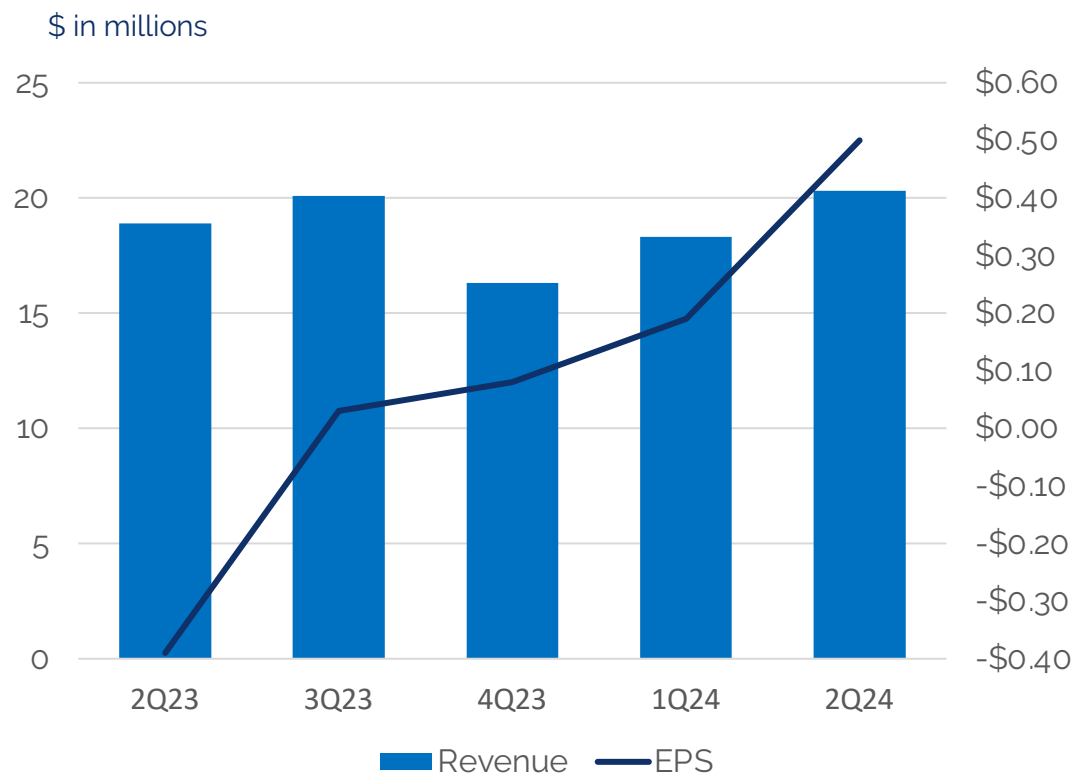
- **Existing customers** continue to **integrate BKR 9000** into their fleets and **utilize the multiband capabilities** to their meet their broader missions.
- **Market recognition of BKR 9000** continues to increase among **wildland fire and first responder customers**
- **BKR 9000 orders** in 2Q24 from several **state and local agencies including CAL FIRE** and **Mississippi Forestry Commission**

Incrementally Improving Gross Margin



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

Quarterly Revenue and Earnings Per Share



- **Net income of \$1.7 million and EPS of \$0.47;** compared to a **loss of \$1.3 million in 2Q23**
- **Four consecutive quarters of improving profitability**

Strong Order Activity For BKR 5000 and BKR 9000 Driven by Increasing Wildland Fire Activity

BKR 5000 orders in 2Q24 include:

- California Department of Forestry and Fire Protection (CAL FIRE)
- Bureau of Land Management California State Office
- Portland, Oregon Fire and Rescue

BKR 9000 orders in 2Q24 include:

- CAL FIRE
- Mississippi Forestry Commission
- Ventura City Fire Department
- California Department of Parks and Recreation

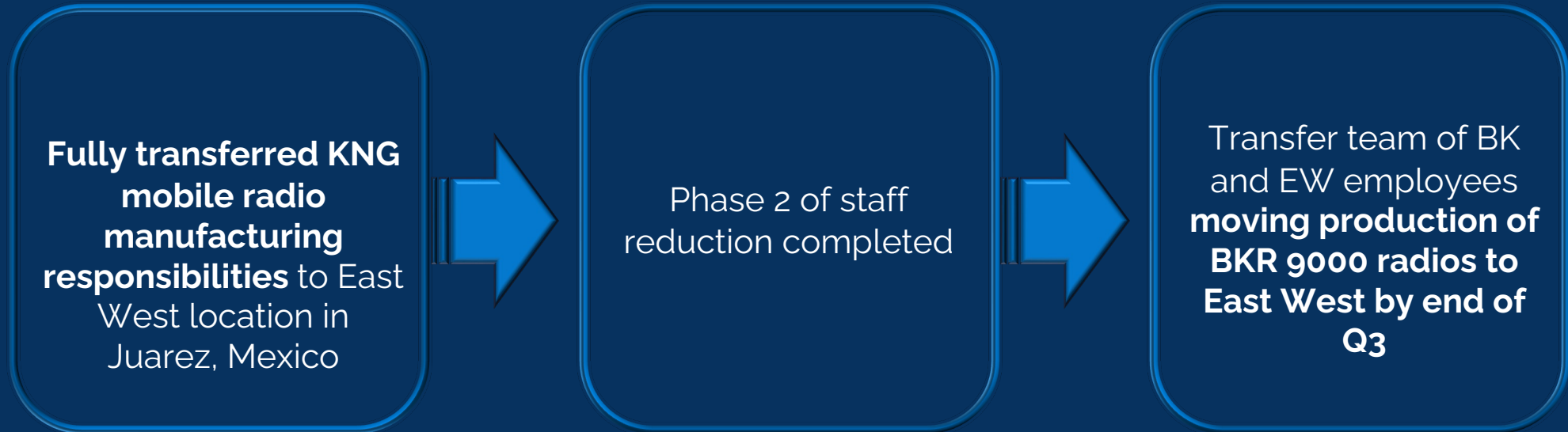
“In 1993, the federal government fought wildfires on nearly 1,800,000 acres of land; by 2021, that figure had more than quadrupled¹”

“The UN estimates that extreme fires could increase globally by up to 14% by 2030, 30% by 2050, and 50% by the end of the century²”

¹It Feels Impossible to Stay: The U.S. Needs Wildland Firefighters More than Ever, But the Federal Government is Losing Them”; ProPublica

²Wildfire Climate Connection”; National Oceanic and Atmospheric Administration

Transition to East West Manufacturing Underway



Transition to contract manufacturing expected to reduce costs and drive efficiencies, allowing Melbourne facility to focus on new product introduction

2Q24 Financial Results

Income Statement	Three Months Ended		Six Months Ended	
	6/30/24	6/30/23	6/30/24	6/30/23
(in thousands)				
Sales	\$20,254	\$18,996	\$38,485	\$37,717
Gross Margin	37.3%	27.4%	35.9%	26.8%
SG&A	\$5,522	\$5,988	\$10,827	\$11,869
Operating Income (loss)	\$2,025	\$(784)	\$3,008	\$(1,771)
Net Income (loss)	\$1,664	\$(1,340)	\$2,345	\$(2,610)
EPS	\$0.47	\$(0.39)	\$0.66	\$(0.77)
Adjusted EBITDA ¹	\$2,488	\$(786)	\$3,839	\$(1,483)
Adjusted EPS – diluted ²	\$0.55	\$(0.25)	\$0.84	\$(0.53)

Balance Sheet

(in thousands)	As of 6/30/24	As of 12/31/23
Cash & Cash Equivalents	\$2,981	\$3,456
Working Capital	\$20,298	\$16,784
Long-Term Debt	None	None

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

² Placeholder for Adjusted EPS

2024 Full Year Targets Remain on Track

Revenue Consistent with 2023

- BKR 5000 demand and increased adoption of BKR 9000 driving consistent revenues
- Continue to establish market for BKR 9000 and lay groundwork for growth in 2025

Improving Gross Margins

- Margin profile continues to improve related to cost reduction programs and shifting product mix

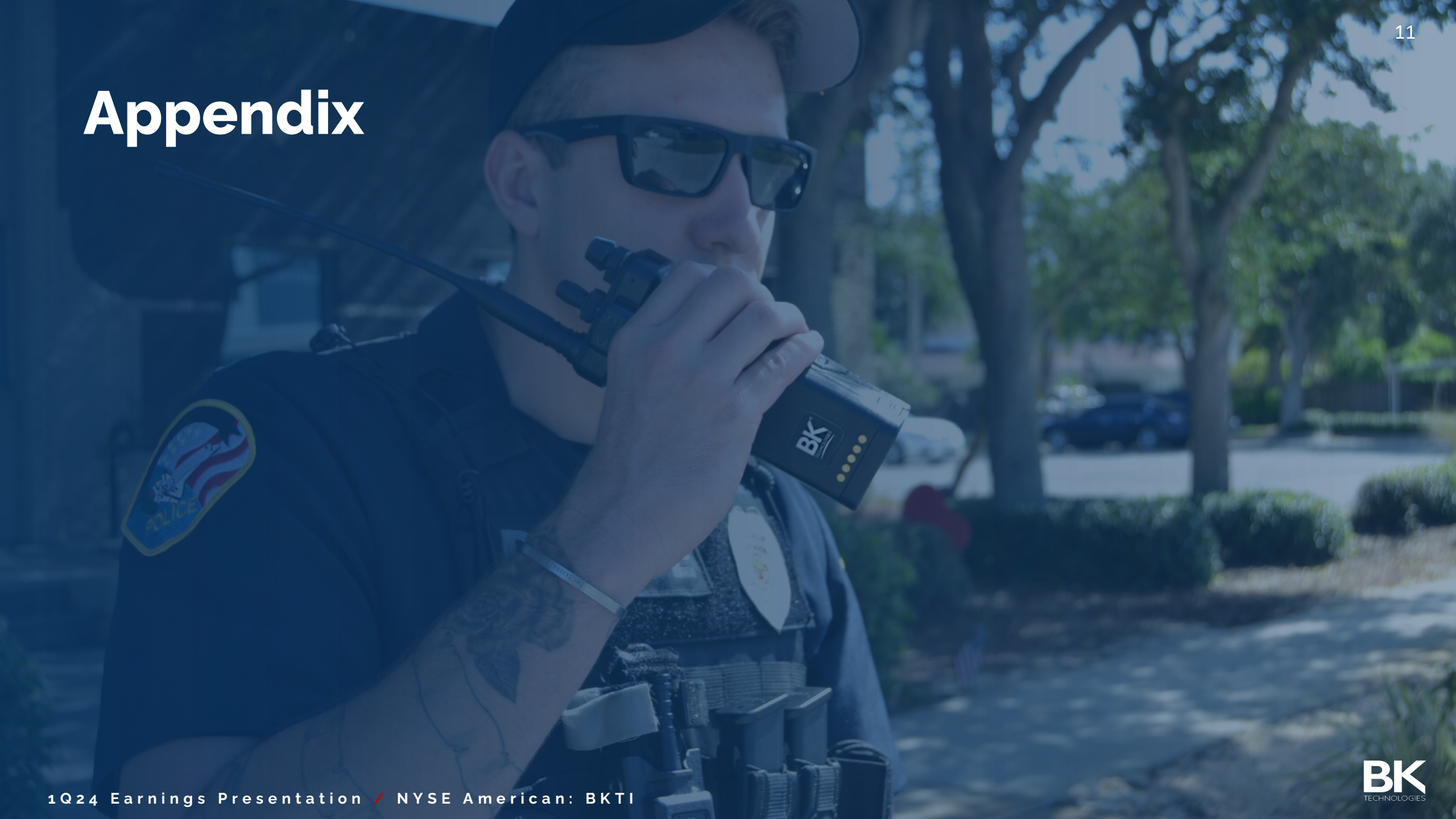
FY '24 GAAP EPS >\$1.50;

FY' 24 non-GAAP adjusted EPS of \$1.77

- Expect incremental increases in EPS throughout 2024

Q&A

Appendix



Reconciliation of Non-GAAP Metrics

Non-GAAP Adjusted EBITDA (in thousands)	Three Months Ended		Six Months Ended	
	6/30/24	6/30/23	6/30/24	6/30/23
Net Income/(Loss)	\$1,664	\$(1,340)	\$2,345	\$(2,610)
Adjustments to reconcile net income/(loss) to EBITDA				
Interest expense, net	106	155	280	298
Income tax provision (benefit)	220	-	241	-
Depreciation and amortization	413	399	821	777
EBITDA	2,403	(786)	3,687	(1,535)
Severance	85	-	152	52
Inventory write-off – New product introduction	-	-	-	-
Adjusted EBITDA	\$2,488	\$(786)	\$3,839	\$(1,483)
Adjustments to reconcile net income (loss) to Adjusted EPS (non-GAAP)				
Net Income/(Loss)	\$1,664	\$(1,340)	\$2,345	\$(2,610)
Net realized and unrealized (gain) loss on investments	-	376	91	489
Stock-based compensation expense	227	124	401	251
Severance	85	-	152	52
Inventory write-off – New product introduction	-	-	-	-
Adjusted Earnings (Loss) (Non-GAAP)	\$1,976	(840)	\$2,989	\$(1,818)
Adjusted earnings (loss) per share – basic	\$0.56	\$(0.25)	\$0.85	\$(0.53)
Adjusted earnings (loss) per share – diluted	\$0.55	\$(0.25)	\$0.84	\$(0.53)
Weighted average common shares outstanding, basic	3,529,910	3,402,280	3,534,209	3,400,624
Weighted average common shares outstanding, diluted	3,564,170	3,402,280	3,559,305	3,400,624

BK
TECHNOLOGIES

