SECURITIES & EXCHANGE COMMISSION EDGAR FILING

BK Technologies, Inc.

Form: 10-Q

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

FORM 10-Q

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2018**

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, INC.
(Exact name of registrant as specified in its charter)

Nevada	**59-3486297**
(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 and Zip Code)

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

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

There were 13,358,813 shares of common stock, $0.60 par value, of the registrant outstanding at October 26, 2018.

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

BK TECHNOLOGIES, INC.
Condensed Consolidated Balance Sheets
(In thousands, except share data)

	September 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 11,349**	$ 7,147
Available-for-sale securities	—	9,184
Trade accounts receivable, net	**7,407**	5,524
Inventories, net	**10,688**	14,358
Prepaid expenses and other current assets	**1,641**	772
Total current assets	**31,085**	36,985
Property, plant and equipment, net	**2,619**	2,201
Investment in securities	**3,198**	—
Deferred tax assets, net	**3,122**	3,317
Other assets	**215**	298
Total assets	**$ 40,239**	$ 42,801
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 3,496**	$ 5,971
Accrued compensation and related taxes	**1,652**	1,364
Accrued warranty expense	**1,434**	1,389
Accrued other expenses and other current liabilities	**414**	1,159
Dividends payable	**268**	273
Deferred revenue	**179**	157
Total current liabilities	**7,443**	10,313
Deferred revenue	**1,422**	481
Total liabilities	**$ 8,865**	$ 10,794
Commitments and contingencies		
Stockholders' equity:		
Preferred stock; $1.00 par value; 1,000,000 authorized shares; none issued or outstanding	—	—
Common stock; $.60 par value; 20,000,000 authorized shares; 13,882,937 and 13,844,584 issued and 13,389,519 and 13,652,490 outstanding shares at September 30, 2018 and December 31, 2017, respectively	**8,330**	8,307
Additional paid-in capital	**25,796**	25,642
Accumulated deficit	**(789)**	(5,450)
Accumulated other comprehensive income	—	4,318
Treasury stock, at cost, 493,418 and 192,094 shares at September 30, 2018 and December 31, 2017, respectively	**(1,963)**	(810)
Total stockholders' equity	**31,374**	32,007
Total liabilities and stockholders' equity	**$ 40,239**	$ 42,801

See notes to condensed consolidated financial statements.

BK TECHNOLOGIES, INC.

Condensed Consolidated Statements of Income

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

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Sales, net	**$ 13,302**	$ 11,831	**$ 38,704**	$ 29,973
Expenses				
Cost of products	**7,839**	8,014	**22,519**	19,425
Selling, general and administrative	**4,585**	3,660	**13,229**	10,624
Total expenses	**12,424**	11,674	**35,748**	30,049
Operating income (loss)	**878**	157	**2,956**	(76)
Other (expense) income:				
Interest income	**28**	14	**63**	32
(Loss) gain on investment in securities	**(191)**	670	**(1,392)**	1,287
Gain (loss) on disposal of property, plant and equipment	**—**	10	—	(94)
Other (expense) income	**(48)**	1	**(274)**	(146)
Total other (expense) income	**(211)**	695	**(1,603)**	1,079
Income before income taxes	**667**	852	**1,353**	1,003
Income tax expense	**(17)**	(252)	**(200)**	(353)
Net income	**$ 650**	$ 600	**$ 1,153**	$ 650
Net earnings per share-basic	**$ 0.05**	$ 0.04	**$ 0.09**	$ 0.05
Net earnings per share-diluted	**$ 0.05**	$ 0.04	**$ 0.09**	$ 0.05
Weighted average shares outstanding-basic	**13,479,759**	13,665,976	**13,538,116**	13,602,207
Weighted average shares outstanding-diluted	**13,501,587**	13,688,297	**13,563,990**	13,704,884

See notes to condensed consolidated financial statements.

BK TECHNOLOGIES, INC.
Condensed Consolidated Statements of Comprehensive Income
(*In thousands*) (*Unaudited*)

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Net income	**$ 650**	$ 600	**$ 1,153**	$ 650
Unrealized (loss) gain on available-for-sale securities, net of tax	**—**	(25)	**—**	2,453
Total comprehensive income	**$ 650**	$ 575	**$ 1,153**	$ 3,103

See notes to condensed consolidated financial statements.

BK TECHNOLOGIES, INC.
Condensed Consolidated Statements of Cash Flows
(*In thousands*) (*Unaudited*)

	Nine Months Ended	
	September 30, 2018	September 30, 2017
Operating activities		
Net income	**$ 1,153**	$ 650
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Inventories allowances	**(31)**	21
Deferred income taxes	**195**	353
Depreciation and amortization	**702**	727
Share-based and stock compensation expense	**66**	34
Restricted stock unit compensation expense	**111**	41
Loss (gain) on investment in securities	**1,392**	(1,287)
Loss on disposal of property, plant and equipment	—	94
Changes in operating assets and liabilities:		
Trade accounts receivable	**(1,883)**	(3,584)
Inventories	**3,700**	(1,257)
Prepaid expenses and other current assets	**(869)**	567
Other assets	**31**	(12)
Accounts payable	**(2,475)**	3,803
Accrued compensation and related taxes	**288**	(943)
Accrued warranty expense	**45**	545
Deferred revenue	**963**	52
Accrued other expenses and other current liabilities	**(745)**	(49)
Net cash provided by (used in) operating activities	**2,643**	(245)
Investing activities		
Purchases of property, plant and equipment	**(1,067)**	(572)
Investment in securities	**(3,741)**	—
Proceeds from sale of available-for-sale securities	**8,335**	1,819
Net cash provided by investing activities	**3,527**	1,247
Financing activities		
Proceeds from issuance of common stock	—	183
Cash dividends declared and paid	**(815)**	(2,752)
Repurchase of common stock	**(1,153)**	(405)
Net cash used in financing activities	**(1,968)**	(2,974)
Net change in cash and cash equivalents	**4,202**	(1,972)
Cash and cash equivalents, beginning of period	**7,147**	10,910
Cash and cash equivalents, end of period	**$ 11,349**	$ 8,938
Supplemental disclosure		
Cash paid for interest	**$ —**	$ —
Income tax paid	**$ —**	$ —
Non-cash financing activity		
Restricted stock units issued	**$ 140**	$ —
Cashless exercise of stock options and related conversion of net shares to stockholders' equity	**$ —**	$ 27

See notes to condensed consolidated financial statements.

1. Condensed Consolidated Financial Statements

Basis of Presentation

The condensed consolidated balance sheet as of September 30, 2018, the condensed consolidated statements of income and comprehensive income for the three and nine months ended September 30, 2018 and 2017 and the condensed consolidated statements of cash flows for the nine months ended September 30, 2018 and 2017 have been prepared by BK Technologies, Inc. (the “Company”), and are unaudited. In the opinion of management, all adjustments, which include normal recurring adjustments, necessary for a fair presentation have been made. The condensed consolidated balance sheet at December 31, 2017 has been derived from the Company’s audited consolidated financial statements at that date.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the Securities and Exchange Commission (“SEC”). The results of operations for the three and nine months ended September 30, 2018 are not necessarily indicative of the operating results for a full year.

Effective January 1, 2018, the Company adopted Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers and the additional related ASUs (ASC “606”), which replaces existing revenue guidance and outlines a single set of comprehensive principles for recognizing revenue under GAAP. The Company elected the modified retrospective method upon adoption with no impact to the opening retained earnings or revenue reported. 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
Step 5: Recognize revenue as the Company satisfies a performance obligation

ASC 606 provides that 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. We generally satisfy 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.

Principles of 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 1347 Property Insurance Holdings, Inc., made through FGI 1347 Holdings, LP, a consolidated VIE.

Fair Value

The Company's financial instruments consist of cash and cash equivalents, trade accounts receivable, investment in securities, accounts payable, accrued expenses and other liabilities. As of September 30, 2018 and December 31, 2017, the carrying amount of cash and cash equivalents, trade accounts receivable, accounts payable, accrued expenses 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 or assumptions (Level 1 inputs, as defined in accounting guidance) that it believes market participants would use in pricing the investment in securities. There were no transfers of investment in securities between Level 1 and Level 2 during the nine months ended September 30, 2018.

Available-For-Sale Securities

Investments reported on the December 31, 2017 balance sheet consisted of marketable equity securities of a publicly held company. As of December 31, 2017, the investment cost was $2,402. On January 1, 2018, the Company adopted Accounting Standards Update ("ASU") 2016-01 "Financial Instruments," which amended the guidance in U.S. GAAP regarding the classification and measurement of financial instruments. Changes to the prior guidance primarily affected the accounting for equity investments, financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. In addition, the ASU clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. Upon its adoption, the Company applied the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance was effective. On January 1, 2018, the Company recognized approximately $4,300 of net unrealized gain in its accumulated deficit balance. During the first quarter of 2018, the Company sold 1,317,503 shares of Iteris, Inc. (Nasdaq: ITI), which cost $2,402, for approximately $8,335 of proceeds and reported a loss on the sales of approximately $849.

Other Comprehensive Income

Other comprehensive income consists of net income and unrealized gain on available-for-sale securities, net of taxes.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09 "Revenue from Contracts with Customers," which provided for a single, principles-based model for revenue recognition and replaced the existing revenue recognition guidance, became effective for annual and interim periods beginning on or after December 15, 2017, and replaced most existing revenue recognition guidance under U.S. GAAP. This ASU requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgements and estimates and changes in those estimates. It permits the use of either a modified retrospective or cumulative effect transition method. The Company adopted ASU 2014-09 in the first quarter of 2018 and applied the modified retrospective approach. Because the Company's primary source of revenues is from shipments of products, the adoption of this new guidance did not have any impact on its consolidated financial statements and related disclosures. See Note 1 for additional information.

In January 2016, the FASB issued ASU 2016-01 "Financial Instruments," which amended the guidance in U.S. GAAP on the classification and measurement of financial instruments. Changes primarily affected the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the ASU clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The new standard became effective for fiscal years and interim periods beginning after December 15, 2017, and upon adoption, an entity was required to apply the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. The Company adopted the new guidance, which had a material impact on its retained earnings, as the Company reclassified approximately $4,300 of unrealized gain on investment securities that was previously classified in other comprehensive income.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02 "Leases," which amends leasing guidance by requiring companies to recognize a right-of-use asset and a lease liability for all operating and capital (finance) leases with lease terms greater than twelve months. The lease liability will be equal to the present value of lease payments. The lease asset will be based on the lease liability, subject to adjustment, such as for initial direct costs. For income statement purposes, leases will continue to be classified as operating or capital (finance), with lease expense in both cases calculated substantially the same as under the prior leasing guidance. The updated guidance is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. The Company expects this will result in the recognition of right-of-use assets and lease liabilities not currently recorded on the consolidated financial statements under existing accounting guidance. The Company is still evaluating all the Company's contractual arrangements; however, based on the preliminary work completed, the Company expects that the adoption of ASU 2016-02 will not have a material impact on the Company's consolidated financial statements.

In August 2018, the SEC adopted the final rule under SEC Release No. 33-10532, Disclosure Update and Simplification, amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. In addition, the amendments expanded the disclosure requirements on the analysis of stockholders' equity for interim financial statements. Under the amendments, an analysis of changes in each caption of stockholders' equity presented in the balance sheet must be provided in a note or separate statement. The analysis should present a reconciliation of the beginning balance to the ending balance of each period for which a statement of comprehensive income is required to be filed. This final rule is effective for all filings made on or after November 5, 2018. Given the effective date and the proximity to most filers' quarterly reports, the SEC is not objecting to filers deferring the presentation of interim changes in stockholders' equity in their Forms 10-Q until the quarter that begins after the date of adoption, November 5, 2018. We intend to present interim changes in stockholders' equity beginning with our quarterly report on Form 10-Q for the first quarter of 2019

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.

2. Significant Events and Transactions

On September 27, 2018, the Company announced that it was selected as a supplier under the Subscriber Unit Radio and Accessory Contract ("SURAC") issued by the U.S. Army, and received its first task orders under the contract totaling approximately $800. The task orders were for the Company's UHF portable radios and related accessories, which are anticipated to be delivered during the fourth quarter of 2018. The SURAC contract is intended to serve as the U.S. Army's primary contract vehicle for procuring Project 25 standard of the Association of Public-Safety Communications Officials (P-25) digital communications equipment. The Company was one of five companies selected by the U.S. Army. The maximum total value of the contract is $495,000 over a five-year period that commenced on June 18, 2018, and ends on June 18, 2023. The contract does not specify purchase dates or quantities of equipment from any particular named supplier, and there is no assurance that the Company will receive any additional orders.

In July 2018, the Transportation Security Administration ("TSA") of the U.S. Department of Homeland Security exercised its third one-year option, extending its contract with the Company for an additional year to September 27, 2019. The option provides for the purchase of up to $2,000 of the Company's products; however, precise dates for quantities or deliveries are not specified. The original contract awarded in September 2015 totaled $26,200, with $15,500 in firm delivery orders and $10,700 in potential option exercises. Separate from the contract extension, the TSA also ordered approximately $2,000 of additional equipment and services for deployment at various domestic airports.

Pursuant to the Company's capital return program, on September 6, 2018, the Company's Board of Directors declared a quarterly dividend of $0.02 per share of the Company's common stock to stockholders of record as of October 1, 2018. These dividends were paid on October 15, 2018.

3. Allowance for Doubtful Accounts

The allowance for doubtful accounts on trade receivables was approximately $50 on gross trade receivables of $7,457 and $5,574 at September 30, 2018 and December 31, 2017, respectively. This allowance is used to state trade receivables at a net realizable value or the amount that the Company estimates will be collected of the Company's gross trade receivables.

4. Inventories, net

The components of inventories, net of allowances for slow-moving, excess or obsolete inventory, consist of the following:

	September 30, 2018	December 31, 2017
Finished goods	**$ 2,137**	$ 2,825
Work in process	**4,432**	7,111
Raw materials	**4,119**	4,422
	$ 10,688	$ 14,358

Allowances for slow-moving, excess, or obsolete inventory are used to state the Company's inventories at the lower of cost or net realizable value. The allowances were approximately $758 at September 30, 2018, compared with approximately $789 at December 31, 2017.

5. Income Taxes

Income tax expense totaling approximately $17 and $200 has been recorded for the three and nine months ended September 30, 2018, respectively, compared with $252 and $353, respectively, for the same periods last year.

The Company's income tax provision is based on management's estimate of the effective tax rate for the full year. The tax provision in any period will 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, the Company may experience significant fluctuations in the effective book tax rate (that is, tax expense divided by pre-tax book income) from period to period. For 2018, the Company generally expects its effective tax rate to decline compared to 2017, primarily due to the implementation of the Tax Cuts and Jobs Act enacted in December 2017, which, among other things, reduced the U.S. federal corporate tax rate from 35% to 21%.

As of September 30, 2018 and December 31, 2017, the Company's net deferred tax assets totaled approximately $3,122 and $3,317, respectively, and were primarily composed of net operating loss carryforwards ("NOLs") and research and development costs and tax credits. As of September 30, 2018, these NOLs totaled approximately $5,216 for federal and $12,766 for state purposes, with expirations starting in 2018 through 2030.

In order to fully utilize the net deferred tax assets, the Company will need to generate sufficient taxable income in future years to utilize its NOLs prior to their expiration. The Company analyzes all positive and negative evidence to determine if, based on the weight of available evidence, the Company is 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 the Company's conclusions regarding, among other considerations, estimates of future earnings based on information currently available, current and anticipated customers, contracts and product introductions, as well as historical operating results and certain tax planning strategies.

Based on management's analysis of all available evidence, both positive and negative, the Company's management has concluded 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. Management estimated that as of September 30, 2018, it is more likely than not that approximately $83 of the Company's deferred tax asset will not be realized due to the inability to generate sufficient Florida taxable income in the necessary period to fully utilize its Florida NOLs. The Company cannot presently estimate what, if any, changes to the valuation of its deferred tax assets may be deemed appropriate in the future. If the Company incurs future losses, it may be necessary to record additional valuation allowance related to the deferred tax assets recognized as of September 30, 2018.

6. Investment in Securities

The Company has an investment in a limited partnership, FGI 1347 Holdings, 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 September 30, 2018, the Company indirectly held approximately $221 in cash and 477,282 shares of 1347 Property Insurance Holdings, Inc. (Nasdaq: PIH) with fair value of $3,198, through an investment in FGI 1347 Holdings, LP. These shares were purchased in March and May 2018 for approximately $3,741. For the three and nine months ended September 30, 2018, the Company recognized an unrealized loss on the investment of approximately $191 and $543, respectively.

Affiliates of Fundamental Global Investors, LLC serve as the general partner and the investment manager of FGI 1347 Holdings, LP, and the Company is the sole limited partner. As of September 30, 2018, the Company and the affiliates of Fundamental Global Investors, LLC, including without limitation Ballantyne Strong, Inc., beneficially owned in the aggregate 2,714,362 shares of PIH's common stock, representing approximately 45.4% of PIH's outstanding shares. Fundamental Global with its affiliates is the largest stockholder of the Company. Mr. Kyle Cerminara, Chairman of the Company's Board of Directors, is Chief Executive Officer, Co-Founder and Partner of Fundamental Global Investors, LLC and serves as Chief Executive Officer and Chairman of the Board of Directors of Ballantyne Strong. Mr. Lewis M. Johnson, Co-Chairman of the Company, is President, Co-Founder and Partner of Fundamental Global Investors, LLC and serves as a director of Ballantyne Strong. Messrs. Cerminara and Johnson also serve as Chairman and Co-Chairman, respectively, of the Board of Directors of PIH.

7. Stockholders' Equity

The changes in consolidated stockholders' equity for the nine months ended September 30, 2018 are as follows:

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total
Balance at December 31, 2017	13,844,584	$ 8,307	$ 25,642	$ (5,450)	$ 4,318	$ (810)	$ 32,007
Restricted stock units issued	38,353	23	(23)	—	—	—	—
Share-based compensation expense	—	—	66	—	—	—	66
Restricted stock unit compensation expense	—	—	111	—	—	—	111
Dividends declared	—	—	—	(810)	—	—	(810)
Net income	—	—	—	1,153	—	—	1,153
Effect of adoption of ASU 2016-01	—	—	—	4,318	(4,318)	—	—
Repurchase of common stock	—	—	—	—	—	(1,153)	(1,153)
Balance at September 30, 2018	**13,882,937**	**$ 8,330**	**$ 25,796**	**$ (789)**	**$ —**	**$ (1,963)**	**$ 31,374**

8. Income per Share

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

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Numerator:				
Net income (numerator for basic and diluted earnings per share)	**$ 650**	$ 600	**$ 1,153**	$ 650
Denominator:				
Denominator for basic earnings per share weighted average shares	**13,479,759**	13,665,976	**13,538,116**	13,602,207
Effect of dilutive securities:				
Options and restricted stock units	**21,828**	22,321	**25,874**	102,677
Denominator:				
Denominator for diluted earnings per share weighted average shares	**13,501,587**	13,688,297	**13,563,990**	13,704,884
Basic income per share	**$ 0.05**	$ 0.04	**$ 0.09**	$ 0.05
Diluted income per share	**$ 0.05**	$ 0.04	**$ 0.09**	$ 0.05

Approximately 434,500 stock options for the three and nine months ended September 30, 2018, and 328,500 stock options for the three and nine months ended September 30, 2017, were excluded from the calculation because they were anti-dilutive.

9. Non-Cash Share-Based Employee Compensation

The Company has an employee and non-employee director share-based incentive compensation plan. Related to these programs, the Company recorded non-cash share-based employee compensation expense of $28 and $66 for the three and nine months ended September 30, 2018, respectively, compared with $19 and $34, respectively, for the same periods last year. The Company considers its non-cash share-based employee compensation expenses as a component of cost of products and selling, general and administrative expenses. There was no non-cash share-based employee compensation expense capitalized as part of capital expenditures or inventory for the periods presented.

The Company uses the Black-Scholes-Merton option valuation model to calculate the fair value of a stock option grant. The non-cash share-based employee compensation expense recorded in the three and nine months ended September 30, 2018 was calculated using certain assumptions. Such assumptions are described more comprehensively in Note 10 (Share-Based Employee Compensation) of the Company's consolidated financial statements included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

A summary of activity under the Company's stock option plans during the nine months ended September 30, 2018 is presented below:

As of January 1, 2018	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	354,500	4.46	—	1.79	—
Vested	113,000	3.75	—	2.23	—
Nonvested	241,500	4.80	—	1.58	—
Period activity					
Issued	130,000	3.72	—	1.62	—
Exercised	—	—	—	—	—
Forfeited	24,000	5.10	—	1.37	—
Expired	—	—	—	—	—
As of September 30, 2018					
Outstanding	460,500	4.22	7.33	1.76	92,860
Vested	156,900	4.03	4.12	2.05	48,540
Nonvested	303,600	4.32	8.98	1.61	44,320

Restricted Stock Units

On September 6, 2018, the Company granted to each non-employee director restricted stock units with a grant fair value of $20 per award (resulting in total aggregate grant-date fair value of $140), 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 shareholders, 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 June 4, 2018, the Company granted to each non-employee director restricted stock units with a grant fair value of $20 per award (resulting in total aggregate grant-date fair value of $140), which will vest on June 4, 2019, subject to continued service through such vesting date.

On June 15, 2017, the Company granted to each non-employee director restricted stock units with a grant fair value of $20 per award (resulting in total aggregate grant-date fair value of $140), which vested on June 15, 2018.

The Company recorded non-cash restricted stock unit compensation expense of $38 and $111 for the three and nine months ended September 30, 2018, respectively, compared with $35 and $41 for the same periods last year.

10. Commitments and Contingencies

From time to time the Company may be involved in various claims and legal actions arising in the ordinary course of its business. On March 28, 2017, The Sales Group, Inc. ("TSG") filed a lawsuit in the U.S. District Court for the Central District of California against the Company. TSG was a sales representative of the Company that the Company terminated in March 2017. TSG asserted claims against the Company for alleged breach of oral contract, violation of the California and Arizona sales representative statutes and an accounting of alleged unpaid sales commissions. TSG's complaint sought damages in the amount of $6,090 for alleged unpaid past and future sales commissions. On April 3, 2017, counsel for TSG sent the Company a letter outlining additional alleged grounds for recovery against the Company and offering to settle the litigation in exchange for the continued payment of sales commissions to TSG for a negotiated period, a buyout of TSG's alleged rights for a negotiated sum or reinstatement of TSG for a period of at least 2.5 years with commission rates equal to those in effect at the time of TSG's termination. The matter was mediated on November 14, 2017, during which the parties agreed to a settlement. On December 19, 2017, the Company entered into a settlement agreement with TSG, pursuant to which TSG agreed to dismiss with prejudice its lawsuit filed against the Company. Pursuant to the settlement agreement, the Company agreed to pay an amount of $900 to TSG on or before December 31, 2017. The Company also agreed to pay to TSG commissions, at the rates in effect since February 7, 2013, on all orders for the Company's products received and accepted by the Company from the states of Arizona, California, Nevada and Hawaii from January 1, 2018 through December 31, 2018, other than for (i) sales of the Company's products to federal government agencies and offices, (ii) sales of the Company's products to other end-users, excepting state and local government agencies and offices, and (iii) sales of parts or service, including warranty service. In addition, if at any time on or before December 31, 2018, the Company completes a change-in-control transaction, then the Company will pay to TSG an amount equal to $2,000, less the amount of commissions paid by the Company with respect to 2018, as described above. The settlement agreement settled all claims raised by TSG in its lawsuit against the Company. In December 2017, the Company recorded an estimated commission amount of approximately $536. For the nine months ended September 30, 2018, the Company paid $682 in commissions to TSG. In June 2018, the Company estimated and recorded an additional commission amount of approximately $290 for the remainder of 2018. No additional commission amounts were estimated for the three months ended September 30, 2018.

Purchase Commitments

As of September 30, 2018, the Company had purchase orders to suppliers for inventory of approximately $6,924.

Significant Customers

Sales to United States government agencies represented approximately $7,110 (53.5%) and $15,879 (41.0%) of the Company's total sales for the three and nine months ended September 30, 2018, respectively, compared with approximately $5,210 (43.7%) and $11,145 (36.5%), respectively, for the same periods last year. Accounts receivable from agencies of the United States government were $3,440 as of September 30, 2018, compared with approximately $2,977 at the same date last year.

11. Debt

The Company has a secured revolving credit facility with Silicon Valley Bank with maximum borrowing availability of $1,000 (subject to a borrowing base) and a maturity date of December 26, 2018. As of September 30, 2018, the Company was in compliance with all covenants under the loan and security agreement, as amended, governing this revolving credit facility. For a description of such covenants and the other terms and conditions of the loan and security agreement, as amended, reference is made to Note 5 (Debt) of the Company's consolidated financial statements included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017. As of September 30, 2018, there were no borrowings outstanding under the revolving credit facility and there was $1,000 of borrowing available under the revolving credit facility.

Item 2. **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

SPECIAL NOTE CONCERNING
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 and 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), including the statements about our plans, objectives, expectations and prospects. You can expect to identify these statements by forward-looking words such as "may," "might," "could," "would," "will," "anticipate," "believe," "plan," "estimate," "project," "expect," "intend," "seek" 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. 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 the "Risk Factors" section of and elsewhere in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and in our subsequent filings with the Securities and Exchange Commission, and include, among others, the following:

- changes or advances in technology;
- the success of our land mobile radio product line;
- successful introduction of new products and technologies;
- competition in the land mobile radio industry;
- general economic and business conditions, including federal, state and local government budget deficits and spending limitations;
- the availability, terms and deployment of capital;
- reliance on contract manufacturers and suppliers;
- heavy reliance on sales to agencies of the United States government;
- allocations by government agencies among multiple approved suppliers under existing agreements;
- our ability to utilize deferred tax assets;
- retention of executive officers and key personnel;
- our ability to manage our growth;
- our ability to identify potential candidates for, and consummate, acquisition or investment transactions, and risks incumbent to being a noncontrolling interest stockholder in a corporation;
- impact of our capital allocation strategy;

- government regulation;
- our business with manufacturers located in other countries;
- our inventory and debt levels;
- protection of our intellectual property rights;
- fluctuation in our operating results;
- 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; and
- the effect on our stock price and ability to raise equity capital of future sales of shares of our common stock.

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.

Reported dollar amounts in the management's discussion and analysis ("MD&A") are disclosed in millions or as whole dollar amounts.

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and notes thereto appearing elsewhere in this report and the MD&A, consolidated financial statements and notes thereto appearing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Executive Overview

We design, manufacture and market two-way land mobile radios, repeaters, base stations and related components and subsystems.

Two-way land mobile radios can be hand-held (portable) or installed in vehicles (mobile). Repeaters expand the range of two-way land mobile radios, 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 incorporate both analog and digital technologies in our products. Our digital technology is compliant with the Project 25 standard of the Association of Public-Safety Communications Officials ("APCO Project 25," or "P-25"). Later in 2018, we plan to introduce the first model in our line of multi-band products to complement our existing KNG products.

Effective on June 4, 2018, we changed our corporate name from "RELM Wireless Corporation" to "BK Technologies, Inc.," and our common stock began trading on the NYSE American stock exchange under the new ticker symbol "BKTI" on June 5, 2018. Our stockholders approved the name change at the annual meeting of stockholders held on June 4, 2018.

We conduct business under the name BK Technologies, Inc. and offer products under two brand names: BK Radio and RELM. Generally, BK Radio-branded products serve the government and public safety market, while RELM-branded products serve the business and industrial market.

Third Quarter Summary

Our financial and operating results for the three and nine months ended September 30, 2018 were improved from the comparable periods last year. Sales grew for both the third quarter and the nine month periods of 2018 compared with the same periods last year. Gross profit margins increased during the third quarter and nine month periods of 2018 versus the same periods last year. Consequently, operating income for the three and nine months ended September 30, 2018 increased significantly from the comparable periods last year. For the nine month period, we also generated positive cash flow and reduced inventory.

For the third quarter of 2018, our sales increased 12.4% to approximately $13.3 million, compared with approximately $11.8 million for the same quarter last year. For the nine months ended September 30, 2018, sales increased 29.1% to approximately $38.7 million, compared with $30.0 million for the same period last year.

Gross profit margins as a percentage of sales for the third quarter of 2018 grew to approximately 41.1%, compared with 32.3% for the third quarter last year. For the nine month period ended September 30, 2018, gross profit margins as a percentage of sales increased to 41.8%, compared with 35.2% for the same period last year.

For the third quarter of 2018, selling, general and administrative expenses (“SG&A”) totaled approximately $4.6 million (34.5% of sales), compared with approximately $3.7 million (30.9% of sales) for the same quarter last year. SG&A expenses for the first nine months of 2018 totaled approximately $13.2 million (34.2% of sales), compared with approximately $10.6 million (35.4% of sales) for the same period last year.

Operating income for the third quarter ended September 30, 2018, increased by approximately $721,000 (459.2%) to approximately $878,000, compared with approximately $157,000 for the same quarter last year. For the nine month period of 2018, operating income increased by approximately $3.0 million to approximately $3.0 million, compared with an operating loss of approximately $76,000 for the same period last year.

For the three and nine months ended September 30, 2018, we recognized an unrealized loss, totaling approximately $191,000 and $543,000, respectively, on our investment in 1347 Property Insurance Holdings, Inc., made through FGI 1347 Holdings, LP, a consolidated variable interest entity. No comparable loss was incurred for last year’s three and nine month periods. Also, for the nine months ended September 30, 2018, we recognized a loss on the sale of securities totaling approximately $849,000, compared with a $1.3 million gain for the same period last year. For the three months ended September 30, 2018, we recognized other expenses totaling approximately $48,000, compared with other income of approximately $1,000 for the same period last year. For the nine months ended September 30, 2018, other expense totaled approximately $274,000, compared with approximately $146,000 for the same period last year.

Pretax income for the three months ended September 30, 2018, totaled approximately $667,000, compared with approximately $852,000 for the same quarter last year. For the nine months ended September 30, 2018, pretax income totaled approximately $1.4 million, compared with approximately $1.0 million for the same period last year.

For the three and nine months ended September 30, 2018, we recognized income tax expense totaling approximately $17,000 and $200,000, respectively, compared with $252,000 and $353,000, respectively, for the same periods last year. Our income tax expense is largely non-cash due to utilization of our net operating loss carryforwards (“NOLs”).

Net income for the three months ended September 30, 2018 was approximately $650,000 ($0.05 per basic and diluted share), compared with approximately $600,000 ($0.04 per basic and diluted share) for the same quarter last year. For the nine months ended September 30, 2018, net income totaled approximately $1.2 million ($0.09 per basic and diluted share), compared with approximately $650,000 ($0.05 per basic and diluted share) for the same period last year.

As of September 30, 2018, working capital totaled approximately $23.6 million, of which approximately $18.8 million was comprised of cash, cash equivalents and trade receivables. As of December 31, 2017, working capital totaled approximately $26.7 million, of which approximately $12.7 million was comprised of cash, cash equivalents and trade receivables.

Results of Operations

As an aid to understanding our operating results for the periods covered by this report, the following table shows selected items from our condensed consolidated statements of income expressed as a percentage of sales:

	Percentage of Sales Three Months Ended		Percentage of Sales Nine Months Ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Sales	**100.0%**	100.0%	**100.0%**	100.0%
Cost of products	**(58.9)**	(67.7)	**(58.2)**	(64.8)
Gross margin	**41.1**	32.3	**41.8**	35.2
Selling, general and administrative expenses	**(34.5)**	(30.9)	**(34.2)**	(35.4)
Other income (expense)	**(1.6)**	5.8	**(4.1)**	3.6
Income before income taxes	**5.0**	7.2	**3.5**	3.4
Income tax expense	**(0.1)**	(2.1)	**(0.5)**	(1.2)
Net income	**4.9%**	5.1%	**3.0%**	2.2%

Net Sales

For the third quarter ended September 30, 2018, net sales increased 12.4% to approximately $13.3 million, compared with approximately $11.8 million for the same quarter last year. Net sales totaled approximately $38.7 million for the nine months ended September 30, 2018, which was 29.1% greater than the comparable period last year, and 98.2% of net sales for the full year of 2017.

The increase in total sales for the third quarter was attributed primarily to demand from both new and longstanding federal customers, particularly wildland fire suppression agencies, supplemented by certain state and Canadian public safety agencies. For the nine months ended September 30, 2018, the increase in net sales was attributed primarily to state public safety agencies, including the State of California, federal customers, and international customers, primarily in Canada.

Our funnel of sales prospects for the remainder of 2018 and into next year appear promising as we introduce our new multi-band products and look to grow our market share, particularly in the state and local arena. Accordingly, we are expanding and upgrading our sales and marketing capabilities to capitalize on new opportunities and drive sales growth.

Cost of Products and Gross Profit Margin

Gross profit margin as a percentage of sales for the third quarter ended September 30, 2018 increased to 41.1%, compared with 32.3% for the same quarter last year. For the nine months ended September 30, 2018, gross profit margins increased to 41.8%, compared with 35.2% for the same period last year.

Our cost of products and gross profit margin are derived primarily from material, labor and overhead costs, product mix, manufacturing volumes and pricing. The improvement in gross profit margins for both the third quarter and nine-month period was attributed primarily to increased sales combined with a more favorable mix of product sales. Increased production volumes enabled us to more effectively utilize and absorb our base of manufacturing overhead expenses, and we are realizing benefits associated with manufacturing and quality improvement programs. Comparatively, the first three quarters last year included certain product enhancement expenses and the discontinuation of a product development initiative.

We continue to utilize contract manufacturing relationships for production efficiencies and to manage material and labor costs. We anticipate that our current contract manufacturing relationships or comparable alternatives will be available to us in the future. We may encounter product cost and competitive pricing pressures in the future. However, the extent of their impact on gross margins, if any, is uncertain.

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 third quarter ended September 30, 2018 totaled approximately $4.6 million, or 34.5% of sales, compared with approximately $3.7 million, or 30.9% of sales, for the third quarter last year. For the nine months ended September 30, 2018, SG&A expenses totaled approximately $13.2 million, or 34.2% of sales, compared with approximately $10.6 million, or 35.4% of sales, for the same period last year.

Engineering and product development expenses for the third quarter of 2018 totaled approximately $2.1 million (15.9% of total sales), compared with approximately $1.2 million (10.3% of total sales) for the same quarter last year. For the nine-month period, engineering and product development expenses totaled approximately $5.8 million (15.0% of sales), compared with approximately $3.4 million (11.2% of sales) for the same period last year. The increase in engineering expenses was driven by costs related to new product development initiatives.

Marketing and selling expenses for the third quarter of 2018 totaled approximately $1.4 million (10.2% of sales) compared with approximately $1.4 million (12.0% of sales) for the third quarter last year. For the nine-month period, marketing and selling expenses totaled approximately $4.2 million (10.9% of sales), compared with approximately $4.0 million (13.4% of sales) for the same period last year. The increase for the nine month period is attributed primarily to sales commissions and incentive compensation directly related to sales performance.

General and administrative expenses for the third quarter of 2018 totaled approximately $1.1 million (8.3% of total sales), compared with approximately $1.0 million (8.6% of total sales) for the same quarter last year. For the nine-month period, general and administrative expenses totaled approximately $3.2 million (8.2% of sales), compared with approximately $3.3 million (10.9% of sales) for the same period last year. The slight increase for the third quarter was attributed primarily to headquarters expenses, while the decrease in costs for the nine-month period was primarily related to one-time costs incurred last year related to changes in senior leadership. Those cost decreases were partially offset by expenses associated with changing the Company's name.

Operating Income (Loss)

Operating income for the third quarter ended September 30, 2018 increased by approximately $721,000 (459.2%) to approximately $878,000 (6.6% of sales), compared with approximately $157,000 (1.3% of sales) for the same quarter last year. For the nine months ended September 30, 2018, operating income increased to approximately $3.0 million (7.6% of sales), compared with an operating loss of approximately $76,000 (0.3% of sales) for the same period last year. The increase in operating income for the quarter and nine-month periods was attributed primarily to sales growth and improved gross profit margins, which were partially offset by increased product development expenses.

Other Income (Expense)

We recorded net interest income of approximately $28,000 for the third quarter ended September 30, 2018, compared with $14,000 for the third quarter last year. For the nine months ended September 30, 2018, interest income totaled approximately $63,000, compared with approximately $32,000 for the same period last year. Interest income increased primarily as a result of our higher cash balance. Interest expense may be incurred from time to time on outstanding borrowings under our revolving credit facility and earn interest income on our cash balances. The interest rate on such revolving credit facility as of September 30, 2018 was the *Wall Street Journal* prime rate plus 25 basis points (5.50% as of September 30, 2018).

For the three and nine months ended September 30, 2018, we recognized an unrealized loss of approximately $191,000 and $543,000, respectively, on our investment in 1347 Property Insurance Holdings, Inc. (Nasdaq: PIH). I n March and May 2018, we indirectly purchased 477,282 shares of common stock of PIH, for approximately $3.7 million, through an investment in FGI 1347 Holdings, LP, a consolidated variable interest entity of which we are the sole limited partner. For the three and nine months ended September 30, 2017, we recognized gains of approximately $670,000 and $1.3 million, respectively, on the sales of available-for-sales securities.

During the first quarter of 2018, we sold 1,317,503 shares of Iteris, Inc., which cost approximately $2.4 million, for approximately $8.3 million, and recognized a loss of approximately $849,000.

For the three months ended September 30, 2018, we recognized other expenses totaling approximately $48,000, compared with other income of approximately $1,000 for the same period last year. For the nine months ended September 30, 2018, we recognized other expenses totaling approximately $274,000, compared with approximately $146,000 in expenses for the same period last year. These expenses were primarily attributed to exchange losses related to sales under a Canadian dollar-denominated contract. Also during last year's first quarter, we recorded a non-recurring loss of approximately $104,000 on the disposal of assets related to a discontinued product initiative.

Income Taxes

We recorded income tax expense of approximately $17,000 and $200,000, respectively, for the three and nine months ended September 30, 2018, compared with approximately $252,000 and $353,000, respectively, for the same periods last year.

Our income tax provision is based on management's estimate of the effective tax rate for the full year. The tax provision in any period will 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 significant fluctuations in the effective book tax rate (that is, tax expense divided by pre-tax book income) from period to period. For 2018, we generally expect our effective tax rate to decline compared to 2017, primarily due to the implementation of the Tax Cuts and Jobs Act enacted in December 2017, which, among other things, reduced the U.S. federal corporate tax rate from 35% to 21%.

As of September 30, 2018, our net deferred tax assets totaled approximately $3.1 million, and were primarily composed of NOLs. These NOLs totaled approximately $5.2 million for federal and $12.7 million for state purposes, with expirations starting in 2018 through 2030.

In order to fully utilize the net deferred tax assets, we will need to generate sufficient taxable income in future years to utilize our NOLs prior to their expiration. 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 asset. Management estimates that as of September 30, 2018, it is more likely than not that approximately $83,000 of the deferred tax asset will not be realized due to the inability to generate sufficient Florida taxable income in the necessary period to fully utilize the Florida NOLs. 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 September 30, 2018.

Liquidity and Capital Resources

For the nine months ended September 30, 2018, net cash provided by operating activities totaled approximately $2.6 million, compared with cash used in operating activities of approximately $245,000 for the same period last year. Cash provided by operating activities was primarily related to net income, adjusted by unrealized loss on investment in securities, and a decrease in inventories, which were partially offset by a decrease in accounts payable and an increase in trade accounts receivable.

For the nine months ended September 30, 2018, we had net income of approximately $1.2 million, compared with approximately $650,000 for the same period last year. Net inventories decreased during the nine months ended September 30, 2018 by approximately $3.7 million, compared with an increase of $1.3 million for the same period last year. The 2018 decrease was primarily attributed to an increase in sales. The loss on investment in securities for the nine months ended September 30, 2018 totaled approximately $1.4 million, compared with a gain of approximately $1.3 million for the same period last year. For additional information pertaining to our investment in securities, refer to Notes 1 and 6 to the condensed consolidated financial statements included in this report. Accounts receivable increased approximately $1.9 million during the nine months ended September 30, 2018, compared with $3.6 million for the same period last year, reflecting sales that were consummated later in the respective quarter that had not yet completed their collection cycle. Accounts payable for the nine months ended September 30, 2018, decreased approximately $2.5 million, compared with an increase of approximately $3.8 million for the same period last year, primarily due to timing of payments to material suppliers. Depreciation and amortization totaled approximately $702,000 for the nine months ended September 30, 2018, compared with approximately $727,000 for the same period last year.

Cash provided by investing activities for the nine months ended September 30, 2018 totaled approximately $3.5 million, compared with approximately $1.2 million for the same period last year. Proceeds from the sale of available-for-sale securities totaled approximately $8.3 million for the nine months ended September 30, 2018, compared with approximately $1.8 million for the same period last year. We utilized approximately $3.7 million for an investment in FGI 1347 Holdings, LP. There was no comparable investment for the same period last year. For the nine months ended September 30, 2018, purchases of property, plant and equipment totaled approximately $1.1 million, compared with approximately $572,000 for the same period last year.

For the nine months ended September 30, 2018, approximately $2.0 million was used in financing activities, primarily related to our capital return program, which included quarterly dividends totaling approximately $815,000 and stock repurchases totaling approximately $1.2 million. For the same period last year, approximately $2.8 million was used to pay dividends and approximately $405,000 was used for stock repurchases. For the same period last year, we also received approximately $183,000 from the issuance of common stock upon the exercise of stock options.

We have a secured revolving credit facility with Silicon Valley Bank with maximum borrowing availability of $1.0 million and a maturity date of December 26, 2018. As of September 30, 2018, and the date of this report, we were in compliance with all covenants under the loan and security agreement, as amended, governing the revolving credit facility. For a description of such covenants and the other terms and conditions of the loan and security agreement, as amended, reference is made to Note 5 (Debt) of our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

As of September 30, 2018, and the date of this report, there were no borrowings outstanding under the revolving credit facility. As of September 30, 2018, and the date of this report, there was $1.0 million of borrowing available under the revolving credit facility.

Our cash and cash equivalents balance at September 30, 2018 was approximately $11.3 million. We believe these funds combined with anticipated cash generated from operations and borrowing availability under our revolving credit facility are sufficient to meet our working capital requirements for the foreseeable future. However, financial and economic conditions 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 our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Critical Accounting Policies

In response to the Securities and Exchange Commission's financial reporting release, FR-60, Cautionary Advice Regarding Disclosure About Critical Accounting Policies, we have selected for disclosure our revenue recognition process and our accounting processes involving significant judgments, estimates and assumptions. These processes affect our reported revenues and current assets and are, therefore, critical in assessing our financial and operating status. We regularly evaluate these processes in preparing our financial statements. The processes for revenue recognition, allowance for collection of trade receivables, allowance for excess or obsolete inventory, software development and income taxes involve certain assumptions and estimates that we believe to be reasonable under present facts and circumstances. These estimates and assumptions, if incorrect, could adversely impact our operations and financial position. The Company adopted ASU No. 2014-09, "Revenue from Contracts with Customers", and all the related amendments (collectively "Topic 606") in the first quarter of 2018 and applied the modified retrospective approach. Under Topic 606, revenue is recognized when control of promised goods and services is transferred to customers, and the amount of revenue recognized reflects the consideration to which an entity expects to be entitled in exchange for the goods and services transferred. The adoption of Topic 606 did not have, and is not expected to have, a material effect on the timing or amount of revenue recognized as compared with the Company's previous revenue recognition practices because the Company's primary source of revenues is from shipments of products.

There were no other changes to our critical accounting policies during the quarter ended September 30, 2018, as described in Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our President (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 Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2018. Based on this evaluation, they have concluded that our disclosure controls and procedures were effective as of September 30, 2018.

Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2018, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II-OTHER INFORMATION

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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)
07/01/18-07/31/18	31,258	$ 3.65	31,258	615,988
08/01/18-08/31/18	28,264	$ 3.77	28,264	587,724
09/01/18-09/30/18	80,942	$ 3.88	80,942	506,782(2)
Total	140,464	$ 3.77	140,464	

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

(2) The Company has a repurchase program of up to 1 million shares of the Company's common stock that can be purchased, from time to time, 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 has no termination date.

Item 6. EXHIBITS

Exhibits required to be filed by Item 601 of Regulation S-K are listed in the Exhibit Index below.

Exhibit Index

Exhibit Number	Description
Exhibit 3(i)	Articles of Incorporation(1)
Exhibit 3(ii)	Certificate of Amendment to Articles of Incorporation (2001)(2)
Exhibit 3(iii)	Certificate of Amendment to Articles of Incorporation (2018)(3)
Exhibit 3(iv)	Second Amended and Restated Bylaws(4)
Exhibit 10.1+	Form of Non-Employee Director Restricted Share Unit Agreement under the BK Technologies, Inc. 2017 Incentive Compensation Plan (September 2018)
Exhibit 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
Exhibit 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
Exhibit 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)
Exhibit 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)
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Definition Linkbase Document

\+ Each management contract or compensatory plan or arrangement.

(1) Incorporated by reference from Exhibit 3(i) to the Company’s Annual Report on Form 10-K for the year ended December 31, 1997.

(2) Incorporated by reference from Exhibit 10.3 to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2001.

(3) Incorporated by reference from Exhibit 3.1 to the Company’s Current Report on Form 8-K filed June 4, 2018.

(4) Incorporated by reference from Exhibit 3.2 to the Company’s Current Report on Form 8-K filed June 4, 2018.

SIGNATURES

Pursuant to the requirements 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, INC.
(The "Registrant")

Date: November 7, 2018

By:/s/ Timothy A. Vitou
Timothy A. Vitou
President
(Principal executive officer and duly authorized officer)

Date: November 7, 2018

By:/s/ William P. Kelly
William P. Kelly
Executive Vice President and
Chief Financial Officer
(Principal financial and accounting officer and duly authorized officer)

Exhibit 10.1

BK TECHNOLOGIES, INC.

2017 INCENTIVE COMPENSATION PLAN
NON-EMPLOYEE DIRECTOR RESTRICTED SHARE UNIT AGREEMENT

Summary of Restricted Share Unit Award

BK Technologies, Inc. (the "*Company*") grants to the Grantee named below, in accordance with the terms of the 2017 Incentive Compensation Plan (the "*Plan*") and this Non-Employee Director Restricted Share Unit Agreement (the "*Agreement*"), the following number of Restricted Share Units, on the Date of Grant set forth below:

Name of Grantee:	__________
Number of Restricted Share Units:	__________
Date of Grant:	__________
Vesting Date:	In 20% annual installments on the first, second, third, fourth and fifth anniversaries of the Date of Grant

Terms of Agreement

1. **Grant of Restricted Share Units**. Subject to and upon the terms, conditions, and restrictions set forth in this Agreement and in the Plan, the Company hereby grants to the Grantee as of the Date of Grant, the total number of share units (the "*Restricted Share Units*") set forth above. Each Restricted Share Unit shall represent the contingent right to receive one Share and shall at all times be equal in value to one Share. The Restricted Share Units shall be credited in a book entry account established for the Grantee until payment in accordance with Section 4 hereof.

2. **Vesting of Restricted Share Units**.

(a) A ratable portion of the Restricted Share Units (subject to such rounding conventions as maintained by the Company from time to time) shall vest on each of the Vesting Dates set forth above (the "*Vesting Date*"), provided that the Grantee shall have remained in the continuous service of the Company as a director ("*Continuous Service*") through the applicable Vesting Date.

(b) Notwithstanding Section 2(a), (i) if the Grantee makes himself or herself available and consents to be nominated by the Company for Continuous Service as a director of the Company, but is not nominated by the Board for election by the shareholders, other than for good reason as determined by the Board in its discretion, then the Restricted Share Units shall vest in full as of the Grantee's last date of service as a director with the Company; (ii) upon the occurrence of a Change in Control prior to a Vesting Date and during the Grantee's Continuous Service, the Committee may, in its sole discretion, accelerate the vesting of the Restricted Share Units in full or in part; and (iii) the Committee may, in its sole discretion, provide for the full or partial acceleration of vesting of the Restricted Share Units in connection with the termination of the Grantee's Continuous Service for any reason prior to a Vesting Date, including, but not limited to, termination of Continuous Service as a result of the Grantee's death or "*Disability*", defined as the Grantee 's permanent and total disability (within the meaning of Section 22(e) of the Code), as determined by a medical doctor satisfactory to the Committee.

(c) For the purposes of this Agreement, "*Change in Control*" shall have the meaning set forth in the Plan.

3. Forfeiture of Restricted Share Units. The Restricted Share Units that have not yet vested pursuant to Section 2(a) shall be forfeited automatically without further action or notice if the Grantee ceases to be a director of the Company other than as provided pursuant to Section 2(b).

4. Payment.

(a) Except as may be otherwise provided in this Section, the Company shall deliver to the Grantee (or the Grantee's estate in the event of death) the Shares underlying the vested Restricted Share Units within thirty (30) days following the date that the Restricted Share Units become vested in accordance with Section 2.

(b) Notwithstanding Section 4(a), to the extent that the Grantee's right to receive payment of the Restricted Share Units constitutes a "deferral of compensation" within the meaning of Section 409A of the Code, payment of any vested Restricted Share Units shall be subject to the following rules, to the extent necessary to comply with Section 409A of the Code:

(i) Except as provided in Section 4(b)(ii), the Shares underlying the vested Restricted Share Units shall be delivered to the Grantee (or the Grantee's estate in the event of death) within thirty (30) days after the earlier of: (A) the Grantee's "separation from service" within the meaning of Section 409A of the Code; (B) the occurrence of a "change in the ownership," a "change in the effective control" or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code; or (C) the Vesting Date.

(ii) If the Restricted Share Units become payable as a result of Section 4(b)(i)(A), but not as a result of the Grantee's death, and the Grantee is a "specified employee" at that time within the meaning of Section 409A of the Code, then the Shares underlying the vested Restricted Share Units shall instead be delivered to the Grantee within thirty (30) days after the first business day that is more than six months after the date of his or her separation from service (or, if the Grantee dies during such six-month period, within thirty (30) days after the Grantee's death).

(c) The Company's obligations with respect to the Restricted Share Units shall be satisfied in full upon the delivery of the Shares underlying the vested Restricted Share Units.

5. Transferability. The Restricted Share Units may not be transferred, assigned, pledged or hypothecated in any manner, or be subject to execution, attachment or similar process, by operation of law or otherwise, unless otherwise provided under the Plan. Any purported transfer or encumbrance in violation of the provisions of this Section 5 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Restricted Share Units.

6. Dividend, Voting and Other Rights. The Grantee shall not possess any incidents of ownership (including, without limitation, dividend and voting rights) in the Shares underlying the Restricted Share Units until such Shares have been delivered to the Grantee in accordance with Section 4 hereof, and no dividend equivalents will be paid or provided under this Agreement. The obligations of the Company under this Agreement will be merely that of an unfunded and unsecured promise of the Company to deliver Shares in the future, and the rights of the Grantee will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company under this Agreement.

7. **No Retention Rights**. Nothing contained in this Agreement shall confer upon the Grantee any right with respect to continuance of service as a director of the Company, nor limit or affect in any manner the right of the Company and its shareholders to terminate the service of the Grantee as a director of the Company or adjust the compensation of the Grantee.

8. **Relation to Other Benefits**. Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary.

9. **Taxes and Withholding**. To the extent the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Shares under this Agreement, then the Company or Subsidiary (as applicable) shall retain a number of Shares otherwise deliverable hereunder with a value equal to the applicable tax withholding (based on the Fair Market Value of the Shares on the date of delivery); provided that in no event shall the value of the Shares retained exceed the amount of taxes required to be withheld based on the maximum statutory tax rates in the Grantee's applicable taxing jurisdictions. If the Company or any Subsidiary is required to withhold any federal, state, local or other taxes at any time other than upon delivery of the Shares under this Agreement, then the Company or Subsidiary (as applicable) shall have the right in its sole discretion to (a) require the Grantee to pay or provide for payment of the required tax withholding, or (b) deduct the required tax withholding from any amount of salary, bonus, incentive compensation or other amounts otherwise payable in cash to the Grantee (other than deferred compensation subject to Section 409A of the Code).

10. **Adjustments**. The number and kind of Shares deliverable pursuant to the Restricted Share Units are subject to adjustment as provided in Section 16 of the Plan.

11. **Compliance with Law**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws and listing requirements with respect to the Restricted Share Units; provided, however, notwithstanding any other provision of this Agreement, and only to the extent permitted under Section 409A of the Code, the Company shall not be obligated to deliver any Shares pursuant to this Agreement if the delivery thereof would result in a violation of any such law or listing requirement.

12. **Amendments**. Subject to the terms of the Plan, the Committee may modify this Agreement upon written notice to the Grantee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Notwithstanding the foregoing, no amendment of the Plan or this Agreement shall adversely affect the rights of the Grantee under this Agreement without the Grantee's consent unless the Committee determines, in good faith, that such amendment is required for the Agreement to either be exempt from the application of, or comply with, the requirements of Section 409A of the Code, or as otherwise may be provided in the Plan.

13. **Severability**. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

14. **Relation to Plan**. This Agreement is subject to the terms and conditions of the Plan. This Agreement and the Plan contain the entire agreement and understanding of the parties with respect to the subject matter contained in this Agreement, and supersede all prior written or oral communications, representations and negotiations in respect thereto. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine any questions which arise in connection with the grant of the Restricted Share Units.

15. **Successors and Assigns**. Without limiting Section 5, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the permitted successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

16. **Choice of Law**. The interpretation, performance, and enforcement of this Agreement shall be governed by the laws of the State of Nevada, without giving effect to the principles of conflict of laws thereof.

17. **Data Privacy**. In order to administer the Plan, the Company may process personal data about the Grantee. Such data includes, but is not limited to the information provided in this Agreement and any changes thereto, other appropriate personal and financial data about the Grantee such as home address and business addresses and other contact information and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan. By signing this Agreement, the Grantee gives explicit consent to the Company to process any such personal data. The Grantee also gives explicit consent to the Company to transfer any such personal data outside the country in which the Grantee works or is employed, including, if the Grantee is not a U.S. resident, to the United States, to transferees that shall include the Company and other persons who are designated by the Company to administer the Plan.

18. **Plan and Prospectus Delivery**. By signing this Agreement, the Grantee acknowledges that a copy of the Plan, the Plan Summary and Prospectus, and the Company's most recent Annual Report and Proxy Statement (the "*Prospectus Information*") either have been received by or provided to the Grantee, and the Grantee consents to receiving the Prospectus Information electronically, or, in the alternative, agrees to contact the Chief Financial Officer of the Company to request a paper copy of the Prospectus Information at no charge. The Grantee also represents that he or she is familiar with the terms and provisions of the Prospectus Information and hereby accepts the Award on the terms and subject to the conditions set forth herein and in the Plan. The Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Date of Grant.

BK TECHNOLOGIES, INC.

By: ____________________________
Name: ____________________________
Title: ____________________________

GRANTEE

By: ____________________________
Name: ____________________________
Address: ____________________________

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

I, Timothy A. Vitou, President of BK Technologies, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of BK Technologies, Inc.;

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: November 7, 2018

/s/ Timothy A. Vitou
Timothy A. Vitou
President

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, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of BK Technologies, Inc.;

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: November 7, 2018

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

Exhibit 32.1

BK TECHNOLOGIES, INC.

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 Quarterly Report of BK Technologies, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy A. Vitou, President 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/ Timothy A. Vitou
Timothy A. Vitou
President

November 7, 2018

Exhibit 32.2

BK TECHNOLOGIES, INC.

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 Quarterly Report of BK Technologies, Inc. (the “Company”) on Form 10-Q for the quarterly period ended September 30, 2018 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

November 7, 2018