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

FORM 10-Q

(MARK ONE)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended March 31, 2022

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 No. 000-11676

BEL FUSE INC.

(Exact name of registrant as specified in its charter)

206 Van Vorst Street
Jersey City, NJ 07302
(201) 432-0463

(Address of principal executive offices and zip code)
(Registrant's telephone number, including area code)

New Jersey	22-1463699
(State of incorporation)	(I.R.S. Employer Identification No.)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	*Trading Symbol*	*Name of Exchange on Which Registered*
Class A Common Stock ($0.10 par value)	BELFA	Nasdaq Global Select Market
Class B Common Stock ($0.10 par value)	BELFB	Nasdaq Global Select Market

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 ☒

Title of Each Class	*Number of Shares of Common Stock Outstanding as of May 1, 2022*
Class A Common Stock ($0.10 par value)	2,144,912
Class B Common Stock ($0.10 par value)	10,371,602

BEL FUSE INC. AND SUBSIDIARIES

FORM 10-Q INDEX

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING INFORMATION

The terms the “Company,” “Bel,” “we,” “us,” and “our” as used in this report refer to Bel Fuse Inc. and its consolidated subsidiaries unless otherwise specified.

The Company’s consolidated operating results are affected by a wide variety of factors that could materially and adversely affect revenues and profitability, including the risk factors described in Item 1A of our 2021 Annual Report on Form 10-K and the risk factors described in this or other Quarterly Reports on Form 10-Q filed thereafter, and from time to time in our other filings with the Securities and Exchange Commission (“SEC”). As a result of these and other factors, the Company may experience material fluctuations in future operating results on a quarterly or annual basis, which could materially and adversely affect its business, consolidated financial condition, operating results, and common stock prices. Furthermore, this document and other documents filed by the Company with the SEC contain certain forward-looking statements under the Private Securities Litigation Reform Act of 1995 (“Forward-Looking Statements”) with respect to the business of the Company. Forward-Looking Statements are necessarily subject to risks and uncertainties, many of which are outside our control, that could cause actual results to differ materially from these statements. Forward-Looking Statements can be identified by such words as “anticipates,” “believes,” “plan,” “assumes,” “could,” “should,” “estimates,” “expects,” “intends,” “potential,” “seek,” “predict,” “may,” “will” and similar references to future periods. All statements other than statements of historical facts included in this report regarding our strategies, prospects, financial condition, operations, costs, plans and objectives and regarding the anticipated impact of COVID-19 are Forward-Looking Statements. These Forward-Looking Statements are subject to certain risks and uncertainties, including those detailed in Item 1A of our 2021 Annual Report on Form 10-K and in the risk factors described in this or other Quarterly Reports on Form 10-Q filed thereafter, and from time to time in our other filings with the SEC, which could cause actual results to differ materially from these Forward-Looking Statements. The Company undertakes no obligation to publicly release the results of any revisions to these Forward-Looking Statements which may be necessary to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Any Forward-Looking Statement made by the Company is based only on information currently available to us and speaks only as of the date on which it is made.

PART I. Financial Information

Item 1. Financial Statements (Unaudited)

BEL FUSE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(unaudited)

	March 31, 2022	December 31, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 51,235	$ 61,756
Accounts receivable, net of allowance for doubtful accounts of $1,347 and $1,536, respectively	93,683	87,135
Inventories	155,341	139,383
Unbilled receivables	20,556	28,275
Assets held for sale	1,626	1,626
Other current assets	11,649	10,841
Total current assets	334,090	329,016
Property, plant and equipment, net	37,569	38,210
Right-of-use assets	25,126	21,252
Intangible assets, net	58,878	60,995
Goodwill	26,272	26,651
Deferred income taxes	5,294	4,461
Other assets	33,052	31,261
Total assets	$ 520,281	$ 511,846
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 64,615	$ 65,960
Accrued expenses	30,116	34,453
Operating lease liabilities, current	7,063	6,880
Other current liabilities	7,646	4,719
Total current liabilities	109,440	112,012
Long-term Liabilities:		
Long-term debt	112,500	112,500
Operating lease liabilities, long-term	18,290	14,668
Liability for uncertain tax positions	28,740	28,434
Minimum pension obligation and unfunded pension liability	24,051	23,909
Deferred income taxes	1,583	1,487
Other liabilities	10,321	10,093
Total liabilities	304,925	303,103
Commitments and contingencies (see Note 14)		
Stockholders' Equity:		
Preferred stock, no par value, 1,000,000 shares authorized; none issued	-	-
Class A common stock, par value $.10 per share, 10,000,000 shares authorized; 2,144,912 shares outstanding at each date (net of 1,072,769 treasury shares)	214	214
Class B common stock, par value $.10 per share, 30,000,000 shares authorized; 10,372,602 and 10,377,102 shares outstanding at March 31, 2022 and December 31, 2021, respectively (net of 3,218,307 treasury shares)	1,037	1,038
Additional paid-in capital	38,996	38,419
Retained earnings	192,143	187,935
Accumulated other comprehensive loss	(17,034)	(18,863)
Total stockholders' equity	215,356	208,743
Total liabilities and stockholders' equity	$ 520,281	$ 511,846

See accompanying notes to unaudited condensed consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2022	2021
Revenue, net	$ 136,718	$ 110,643
Cost of sales	102,594	86,384
Gross profit	34,124	24,259
Research and development costs	5,009	4,986
Selling, general and administrative expenses	21,026	20,995
Gain on sale of property	-	(6,175)
Income from operations	8,089	4,453
Interest expense	(688)	(801)
Other (expense) income, net	(773)	546
Earnings before provision for income taxes	6,628	4,198
Provision for income taxes	1,564	999
Net earnings available to common stockholders	$ 5,064	$ 3,199
Net earnings per common share:		
Class A common share - basic and diluted	$ 0.38	$ 0.24
Class B common share - basic and diluted	$ 0.41	$ 0.26
Weighted-average number of shares outstanding:		
Class A common shares - basic and diluted	2,145	2,145
Class B common shares - basic and diluted	10,374	10,203

See accompanying notes to unaudited condensed consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2022	2021
Net earnings available to common stockholders	$ 5,064	$ 3,199
Other comprehensive income (loss):		
Currency translation adjustment, net of taxes of ($12) and $9, respectively	(1,216)	(2,529)
Unrealized gains (losses) on interest rate swap cash flow hedge, net of taxes of $0 in all periods presented	2,984	(1)
Change in unfunded SERP liability, net of taxes of ($17) and ($28), respectively	61	99
Other comprehensive income (loss)	1,829	(2,431)
Comprehensive income	$ 6,893	$ 768

See accompanying notes to unaudited condensed consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except per share data)
(unaudited)

	Total	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital
Balance at December 31, 2021	$ 208,743	$ 187,935	$ (18,863)	$ 214	$ 1,038	$ 38,419
Net earnings	5,064	5,064	-	-	-	-
Dividends declared:						
Class A Common Stock, $0.06/share	(129)	(129)	-	-	-	-
Class B Common Stock, $0.07/share	(727)	(727)	-	-	-	-
Forfeiture of restricted common stock	-	-	-	-	(1)	1
Foreign currency translation adjustment, net of taxes of ($12)	(1,216)	-	(1,216)	-	-	-
Unrealized gains on interest rate swap cash flow hedge	2,984	-	2,984	-	-	-
Stock-based compensation expense	576	-	-	-	-	576
Change in unfunded SERP liability, net of taxes of ($17)	61	-	61	-	-	-
Balance at March 31, 2022	$ 215,356	$ 192,143	$ (17,034)	$ 214	$ 1,037	$ 38,996

	Total	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital
Balance at December 31, 2020	$ 185,799	$ 166,491	$ (18,063)	$ 214	$ 1,021	$ 36,136
Net earnings	3,199	3,199	-	-	-	-
Dividends declared:						
Class A Common Stock, $0.06/share	(128)	(128)	-	-	-	-
Class B Common Stock, $0.07/share	(716)	(716)	-	-	-	-
Forfeiture of restricted common stock	-	-	-	-	(1)	1
Foreign currency translation adjustment, net of taxes of $9	(2,529)	-	(2,529)	-	-	-
Unrealized holding losses on marketable securities	(1)	-	(1)	-	-	-
Stock-based compensation expense	600	-	-	-	-	600
Change in unfunded SERP liability, net of taxes of ($28)	99	-	99	-	-	-
Balance at March 31, 2021	$ 186,323	$ 168,846	$ (20,494)	$ 214	$ 1,020	$ 36,737

See accompanying notes to unaudited condensed consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Cash flows from operating activities:		
Net earnings	$ 5,064	$ 3,199
Adjustments to reconcile net earnings to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,301	4,145
Stock-based compensation	576	600
Amortization of deferred financing costs	34	165
Deferred income taxes	(451)	48
Net unrealized gains on foreign currency revaluation	(289)	(361)
Gains on sale of property	-	(6,175)
Other, net	131	(941)
Changes in operating assets and liabilities:		
Accounts receivable, net	(6,694)	174
Unbilled receivables	7,719	1,267
Inventories	(16,344)	(1,293)
Accounts payable	(1,194)	804
Accrued expenses	(3,564)	(263)
Other operating assets/liabilities, net	2,963	397
Net cash (used in) provided by operating activities	(7,748)	1,766
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,040)	(1,203)
Payments for acquisitions, net of cash acquired	-	(14,759)
Proceeds from sale of property, plant and equipment	87	6,724
Net cash used in investing activities	(1,953)	(9,238)
Cash flows from financing activities:		
Dividends paid to common stockholders	(823)	(815)
Repayments of long-term debt	-	(1,487)
Net cash used in financing activities	(823)	(2,302)
Effect of exchange rate changes on cash and cash equivalents	3	(1,125)
Net decrease in cash and cash equivalents	(10,521)	(10,899)
Cash and cash equivalents - beginning of period	61,756	84,939
Cash and cash equivalents - end of period	$ 51,235	$ 74,040
Supplementary information:		
Cash paid during the period for:		
Income taxes, net of refunds received	$ 1,152	$ 578
Interest payments	$ 461	$ 627
Details of acquisitions:		
Fair value of identifiable net assets acquired	$ -	$ 18,215
Goodwill	-	2,499
Fair value of net assets acquired	$ -	$ 20,714
Fair value of consideration transferred	$ -	$ 20,714
Less: Cash acquired in acquisitions	-	(4,677)
Less: Deferred consideration	-	(1,278)
Cash paid for acquisitions, net of cash acquired	$ -	$ 14,759

See accompanying notes to unaudited condensed consolidated financial statements.

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The condensed consolidated balance sheets and statements of operations, comprehensive income, stockholders' equity and cash flows for the periods presented herein have been prepared by the Company and are unaudited. In the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the consolidated financial position, results of operations and cash flows for all periods presented have been made. The results for the three months ended March 31, 2022 are not necessarily indicative of the results to be expected for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Bel Fuse Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Certain information and footnote disclosures required under accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted from these condensed consolidated financial statements pursuant to the rules and regulations, including the interim reporting requirements, of the U.S. Securities and Exchange Commission ("SEC"). The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in our condensed consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

The Company's significant accounting policies are summarized in Note 1 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021. There were no significant changes to these accounting policies during the three months ended March 31, 2022, except as discussed in "Recently Adopted Accounting Standards" below.

All amounts included in the tables to these notes to condensed consolidated financial statements, except per share amounts, are in thousands.

Recently Adopted Accounting Standards

In August 2018, the FASB issued ASU 2018-14, *Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans* ("ASU 2018-14"). This guidance removes certain disclosures that are not considered cost beneficial, clarifies certain required disclosures and adds additional disclosures. The Company adopted amendments in ASU 2018-14 on a retrospective basis effective January 1, 2021. The adoption of this guidance modified the Company's annual disclosures for its defined benefit plan, but did not have any impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which modifies ASC 740 to reduce complexity while maintaining or improving the usefulness of the information provided to users of financial statements. This guidance was adopted by the Company effective January 1, 2021 and did not have a material impact on the Company's consolidated financial statements.

Accounting Standards Issued But Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”)*,* as amended. The new guidance will broaden the information that an entity must consider in developing its expected credit loss estimates related to its financial instruments and adds to U.S. GAAP an impairment model that is based on expected losses rather than incurred losses. The amendment is currently effective for the Company for annual reporting periods beginning after December 15, 2022, with early adoption permitted. Management is currently assessing the impact of ASU 2016-13, but it is not expected to have a material impact on the Company’s consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"). ASU 2020-04 provides temporary optional guidance on contract modifications and hedging accounting to ease the financial reporting burdens of the expected market transition from the London Interbank Offered Rate (“LIBOR”) to alternative reference rates. In January 2021, the FASB issued ASU 2021-01, which refines the scope of Topic 848 and clarifies some of its guidance as part of the FASB’s monitoring of global reference rate activities. The new guidance was effective upon issuance, and the Company is allowed to elect to apply the amendments prospectively through December 31, 2022. Management is currently evaluating the impact of this accounting standard update on the Company's consolidated financial statements and related disclosures.

2. ACQUISITIONS

rms Connectors

On January 8, 2021, the Company acquired rms Connectors, Inc. (“rms Connectors” or "rms"), from rms Company Inc., a division of Cretex Companies, Inc., for $9.0 million in cash, including a working capital adjustment. rms Connectors is a highly regarded connector manufacturer with over 30 years of experience producing harsh environment circular connectors used in a variety of military and aerospace applications. This acquisition complemented Bel's existing military and aerospace product portfolio and enabled us to expand key customer relationships within these end markets and leverage the combined manufacturing resources to improve our operational efficiency. Originally based in Coon Rapids, Minnesota, the rms Connectors business was relocated into Bel's existing facilities during the second quarter of 2021, and is part of Bel's Connectivity Solutions group. The transaction was funded with cash on hand.

EOS Power

On March 31, 2021, the Company completed the acquisition of EOS Power ("EOS") through a stock purchase agreement for $7.8 million, net of cash acquired, including a working capital adjustment. EOS, located in Mumbai, India, had sales of $12.0 million for the year ended December 31, 2020. EOS enhances Bel's position related to certain industrial and medical markets historically served by EOS, with a strong line of high-power density and low-profile products with high convection ratings. In addition to new products and customers acquired, this acquisition diversified Bel's manufacturing footprint in Asia. The EOS business is part of Bel’s Power Solutions and Protection group. The transaction was funded with cash on hand.

The acquisitions of rms Connectors and EOS may hereafter be referred to collectively as either the "2021 Acquisitions" or the "2021 Acquired Companies". As of the respective acquisition dates, all of the assets acquired and liabilities assumed were recorded at their fair values and the Company's condensed consolidated results of operations for the three months ended March 31, 2021 include the operating results of the 2021 Acquired Companies from their respective acquisition dates through March 31, 2021. During the three months ended March 31, 2021, the Company incurred $0.2 million of acquisition-related costs related to the 2021 Acquisitions. No acquisition-related costs were incurred during the first quarter of 2022. These costs are included in selling, general and administrative expenses in the accompanying condensed consolidated statements of operations.

The results of operations of the 2021 Acquired Companies have been included in the Company’s condensed consolidated financial statements for the periods subsequent to their respective acquisition dates. During the three months ended March 31, 2021, rms Connectors contributed revenues of $2.1 million and estimated net earnings of $0.4 million to the Company since its acquisition date. As EOS was acquired on March 31, 2021, this acquisition did not have any contribution to revenue or net earnings during the first quarter of 2021. The unaudited pro forma information below presents the combined operating results of the Company and the 2021 Acquired Companies assuming that the acquisition of the 2021 Acquired Companies had occurred as of January 1, 2021. The unaudited pro forma results are presented for illustrative purposes only. They do not reflect the realization of any potential cost savings, or any related integration costs. This unaudited pro forma information does not purport to be indicative of the results that would have actually been obtained if the 2021 Acquisitions had occurred as of January 1, 2021, nor is the pro forma data intended to be a projection of results that may be achieved in the future.

The following unaudited pro forma consolidated results of operations assume that the acquisition of the 2021 Acquired Companies was completed as of January 1, 2021:

	Three Months Ended March 31, 2021
Revenue, net	$ 113,665
Net earnings	3,429
Earnings per Class A common share - basic and diluted	0.26
Earnings per Class B common share - basic and diluted	0.28

3. REVENUE

The following table provides information about disaggregated revenue by geographic region and sales channel, and includes a reconciliation of the disaggregated revenue to our reportable segments:

	Three Months Ended March 31, 2022			
	Connectivity Solutions	Power Solutions and Protection	Magnetic Solutions	Consolidated
By Geographic Region:				
North America	$ 32,532	$ 42,349	$ 10,878	$ 85,759
Europe	9,214	9,385	2,471	21,070
Asia	1,967	7,056	20,866	29,889
	$ 43,713	$ 58,790	$ 34,215	$ 136,718
By Sales Channel:				
Direct to customer	$ 26,053	$ 35,844	$ 25,738	$ 87,635
Through distribution	17,660	22,946	8,477	49,083
	$ 43,713	$ 58,790	$ 34,215	$ 136,718

	Three Months Ended March 31, 2021			
	Connectivity Solutions	Power Solutions and Protection	Magnetic Solutions	Consolidated
By Geographic Region:				
North America	$ 29,542	$ 29,777	$ 7,077	$ 66,396
Europe	6,747	9,959	1,248	17,954
Asia	1,767	3,905	20,621	26,293
	$ 38,056	$ 43,641	$ 28,946	$ 110,643
By Sales Channel:				
Direct to customer	$ 23,637	$ 26,489	$ 24,335	$ 74,461
Through distribution	14,419	17,152	4,611	36,182
	$ 38,056	$ 43,641	$ 28,946	$ 110,643

The balances of the Company's contract assets and contract liabilities at March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022	December 31, 2021
Contract assets - current (unbilled receivables)	$ 20,556	$ 28,275
Contract liabilities - current (deferred revenue)	$ 3,977	$ 2,224

The change in balance of our unbilled receivables from December 31, 2021 to March 31, 2022 primarily relates to a timing difference between the Company's performance (i.e. when our product is shipped to a customer-controlled hub) and the point at which the Company can invoice the customer per the terms of the customer contract (i.e. when the customer pulls our product from the customer-controlled hub).

The aggregate amount of transaction price allocated to remaining performance obligations that have not been satisfied as of March 31, 2022 related to contracts that exceed one year in duration amounted to $61.5 million, with expected contract expiration dates that range from 2023 - 2025. It is expected that 88% of this aggregate amount will be recognized in 2023, 7% will be recognized in 2024 and the remainder will be recognized in years beyond 2024.

4. EARNINGS PER SHARE

The following table sets forth the calculation of basic and diluted net earnings per common share under the two-class method for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Numerator:		
Net earnings	$ 5,064	$ 3,199
Less dividends declared:		
Class A	129	128
Class B	727	716
Undistributed earnings	$ 4,208	$ 2,355
Undistributed earnings allocation - basic and diluted:		
Class A undistributed earnings	$ 692	$ 394
Class B undistributed earnings	3,516	1,961
Total undistributed earnings	$ 4,208	$ 2,355
Net earnings allocation - basic and diluted:		
Class A net earnings	$ 821	$ 522
Class B net earnings	4,243	2,677
Net earnings	$ 5,064	$ 3,199
Denominator:		
Weighted-average shares outstanding:		
Class A - basic and diluted	2,145	2,145
Class B - basic and diluted	10,374	10,203
Net earnings per share:		
Class A - basic and diluted	$ 0.38	$ 0.24
Class B - basic and diluted	$ 0.41	$ 0.26

5. FAIR VALUE MEASUREMENTS

Fair value is defined as an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based upon the best use of the asset or liability at the measurement date. Entities are required to use a fair value hierarchy which maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 – Observable inputs such as quoted market prices in active markets;

Level 2 – Inputs other than quoted prices in active markets that are either directly or indirectly observable; and

Level 3 – Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of March 31, 2022 and December 31, 2021, our available-for-sale securities primarily consisted of investments held in a rabbi trust which are intended to fund the Company's Supplemental Executive Retirement Plan ("SERP") obligations. These securities are measured at fair value using quoted prices in active markets for identical assets (Level 1) inputs and amounted to $0.2 million at March 31, 2022 and $0.3 million at December 31, 2021.

Throughout 2022 and 2021, the Company entered into a series of foreign currency forward contracts, the fair value of which was $0.1 million at March 31, 2022 and less than $0.1 million at December 31, 2021. The estimated fair value of foreign currency forward contracts is based on quotes received from the applicable counterparty, and represents the estimated amount we would receive or pay to settle the contracts, taking into consideration current exchange rates which can be validated through readily observable data from external sources (Level 2).

During the fourth quarter of 2021, the Company entered into two interest rate swap agreements as further described in Note 9, "Derivative Instruments and Hedging Activities". The fair value of the interest rate swap agreements was $2.9 million at March 31, 2022 and $0.1 million at December 31, 2021, which was based on data received from the counterparty, and represents the estimated amount we would receive or pay to settle the agreements, taking into consideration current and projected future interest rates as well as the creditworthiness of the parties, all of which can be validated through readily observable data from external sources.

The Company does not have any financial assets measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 1, Level 2 or Level 3 during the three months ended March 31, 2022 or March 31, 2021. There were no changes to the Company's valuation techniques used to measure asset fair values on a recurring or nonrecurring basis during the three months ended March 31, 2022 or March 31, 2021.

There were no financial assets accounted for at fair value on a nonrecurring basis as of March 31, 2022 or December 31, 2021.

The Company has other financial instruments, such as cash and cash equivalents, accounts receivable, restricted cash, accounts payable and accrued expenses, which are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature. The fair value of the Company's long-term debt is estimated using a discounted cash flow method based on interest rates that are currently available for debt issuances with similar terms and maturities. At each March 31, 2022 and December 31, 2021, the estimated fair value of total debt was $112.5 million, compared to a carrying amount of $112.5 million at each date. The Company did not have any other financial liabilities within the scope of the fair value disclosure requirements as of March 31, 2022.

Nonfinancial assets and liabilities, such as goodwill, indefinite-lived intangible assets and long-lived assets, are accounted for at fair value on a nonrecurring basis. These items are tested for impairment upon the occurrence of a triggering event or in the case of goodwill, on at least an annual basis. Based on the Company's assessment, it was concluded that no triggering events occurred during the three months ended March 31, 2022 or March 31, 2021.

6. INVENTORIES

The components of inventories are as follows:

	March 31, 2022	December 31, 2021
Raw materials	$ 69,239	$ 67,127
Work in progress	44,117	31,103
Finished goods	41,985	41,153
Inventories	$ 155,341	$ 139,383

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	March 31, 2022	December 31, 2021
Land	$ 1,105	$ 1,105
Buildings and improvements	21,469	20,915
Machinery and equipment	122,051	120,961
Construction in progress	4,462	5,081
	149,087	148,062
Accumulated depreciation	(111,518)	(109,852)
Property, plant and equipment, net	$ 37,569	$ 38,210

Depreciation expense was $2.4 million for each of the three month periods ended March 31, 2022 and 2021. Depreciation expense related to our manufacturing facilities and equipment is included in cost of sales and depreciation expense associated with administrative facilities and office equipment is included in selling, general and administrative expense within the accompanying condensed consolidated statements of operations.

At March 31, 2022, a total of $1.6 million of property was classified as assets held for sale on the accompanying condensed consolidated balance sheet related to our corporate headquarters in Jersey City, New Jersey.

8. ACCRUED EXPENSES

Accrued expenses consist of the following:

	March 31, 2022	December 31, 2021
Sales commissions	$ 2,012	$ 2,049
Subcontracting labor	1,977	1,622
Salaries, bonuses and related benefits	17,065	21,342
Warranty accrual	1,038	1,056
Other	8,024	8,384
	$ 30,116	$ 34,453

The change in warranty accrual during the three months ended March 31, 2022 primarily related to repair costs incurred and adjustments to pre-existing warranties. There were no new material warranty charges incurred during the three months ended March 31, 2022.

9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Our primary objective for holding derivative financial instruments is to manage foreign currency exchange rate risk and interest rate risk, when deemed appropriate. We enter into these contracts in the normal course of business to mitigate risks and not for speculative purposes.

Foreign Currency Forward Contracts

Under our risk management strategy, we periodically use foreign currency forward contracts to manage our short-term exposures to fluctuations in operational cash flows resulting from changes in foreign currency exchange rates. These cash flow exposures result from portions of our forecasted operating expenses, primarily compensation and related expenses, which are transacted in currencies other than the U.S. dollar, most notably the Chinese Renminbi and the Mexican Peso. These foreign currency forward contracts generally have maturities of no longer than twelve months, although occasionally we will execute a contract that extends beyond twelve months, depending upon the nature of the underlying risk.

We held outstanding foreign currency forward contracts with notional amounts of $17.3 million and $17.1 million as of March 31, 2022 and December 31, 2021, respectively.

Interest Rate Swap Agreements

To partially mitigate risks associated with the variable interest rates on the revolver borrowings under the credit agreement (further described in Note 10, "Debt"), in December 2021, we executed a pay-fixed, receive-variable interest rate swap agreement with each of two multinational financial institutions under which we (i) pay interest at a fixed rate of 1.3055% and receive variable interest of one-month LIBOR on a notional amount of $30.0 million and (ii) pay interest at a fixed rate of 1.3180% and receive variable interest of one-month LIBOR on a notional amount of $30.0 million (the "2021 Swaps"). The effective date of the 2021 Swaps was December 31, 2021, and settlements with the counterparties began on January 31, 2022 and occur on a monthly basis. The 2021 Swaps will terminate on August 31, 2026.

The 2021 Swaps are designated as cash flow hedges for accounting purposes and as such, changes in their fair value are recognized in accumulated other comprehensive loss in the condensed consolidated balance sheets and are reclassified into the condensed consolidated statements of operations within interest expense in the period in which the hedged transaction affects earnings.

Fair Values of Derivative Financial Instruments

The fair values of our derivative financial instruments and their classifications in our condensed consolidated balance sheets as of March 31, 2022 and December 31, 2021 were as follows:

	Balance Sheet Classification	March 31, 2022	December 31, 2021
Derivative assets:			
Foreign currency forward contracts:			
Designated as cash flow hedges	Other current assets	$ 67	$ 57
Not designated as hedging instruments	Other current assets	43	-
Interest rate swap agreements:			
Designated as a cash flow hedge	Other assets	2,868	
Total derivative assets		$ 2,978	$ 57
Derivative liabilities:			
Foreign currency forward contracts:			
Designated as cash flow hedges	Other current liabilities	$ -	$ -
Not designated as hedging instruments	Other current liabilities	-	19
Interest rate swap agreements:			
Designated as a cash flow hedge	Other long-term liabilities	-	116
Total derivative liabilities		$ -	$ 135

Derivative Financial Instruments in Cash Flow Hedging Relationships

The effects of derivative financial instruments designated as cash flow hedges on accumulated other comprehensive loss ("AOCL") and on the condensed consolidated statements of operations for the three months ended March 31, 2022 and March 31, 2021 were as follows:

	Three Months Ended March 31,	
	2022	2021
Net gains recognized in AOCL:		
Foreign currency forward contracts	$ 154	$ -
Interest rate swap agreements	2,809	-
	$ 2,963	$ -
Net gains (losses) reclassified from AOCL to the condensed consolidated statements of operations:		
Foreign currency forward contracts	$ 67	$ -
Interest rate swap agreements	(176)	-
	$ (109)	$ -

The gain related to the foreign currency forward contracts is included as a component of currency translation adjustment on the accompanying condensed consolidated statements of comprehensive income at March 31, 2022 and December 31, 2021. The unrealized gains (losses) related to the interest rate swap agreements on the accompanying condensed consolidated statements of comprehensive income at March 31, 2022 and December 31, 2021 includes an immaterial amount of unrealized gain (loss) on marketable securities as of each date. There were no net gains (losses) reclassified from AOCL to the consolidated statements of operations during the three months ended March 31, 2021.

Derivative Financial Instruments Not Designated as Hedging Instruments

Gains recognized on derivative financial instruments not designated as hedging instruments in our condensed consolidated statements of operations for the three months ended March 31, 2022 and March 31, 2021 were as follows:

	Classification in Consolidated Statements of Operations	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Foreign currency forward contracts	Other (expense) income, net	$ (7)	$ 10
		$ (7)	$ 10

10. DEBT

The Company has a Credit and Security Agreement with KeyBank National Association (as amended, the "credit agreement" or the "CSA"). The CSA provides a $175 million 5-year senior secured revolving credit facility ("Revolver"), with a sublimit of up to $10 million available for letters of credit and a sublimit of up to $5 million available for swing line loans. The Company had $112.5 million in outstanding borrowings under the Revolver at each of March 31, 2022 and December 31, 2021. Revolving loans borrowed under the CSA mature of September 1, 2026.

The weighted-average interest rate in effect for the variable-rate portion of our outstanding borrowings ($52.5 million at each date) was 1.96% at March 31, 2022 and 1.60% at December 31, 2021 and consisted of LIBOR plus the Company's credit spread, as determined per the terms of the CSA. In order to manage our interest rate exposure on the remaining borrowings, and as further described in Note 9, "Derivative Instruments and Hedging Activities", the Company is party to the 2021 Swaps, each with an aggregate notional amount of $30 million, or $60 million in the aggregate, the effect of which is to fix the LIBOR portion of the interest rate on a portion of our outstanding debt on our Revolver. The 2021 Swaps require the Company to pay interest on the notional amount at the rate of 1.3055% and 1.3180%, respectively, in exchange for the one-month LIBOR rate. The effective rate of interest for our outstanding borrowings, including the impact of the 2021 Swaps, was 2.41% during the first quarter of 2022. In connection with interest due on its outstanding borrowings under the CSA during each period, the effects of the 2021 Swaps and amortization of deferred financing costs, the Company incurred $0.7 million and $0.8 million of interest expense during the three months ended March 31, 2022 and March 31, 2021, respectively.

The CSA contains customary representations and warranties, covenants and events of default. In addition, the CSA contains financial covenants that measure (i) the ratio of the Company's total funded indebtedness, on a consolidated basis, less the aggregate amount of all unencumbered cash and cash equivalents, to the amount of the Company's consolidated EBITDA ("Leverage Ratio") and (ii) the ratio of the amount of the Company's consolidated EBITDA to the Company's consolidated fixed charges ("Fixed Charge Coverage Ratio"). If an event of default occurs, the lenders under the CSA would be entitled to take various actions, including the acceleration of amounts due thereunder and all actions permitted to be taken by a secured creditor. At March 31, 2022, the Company was in compliance with its debt covenants, including its most restrictive covenant, the Leverage Ratio.

11. INCOME TAXES

The Company's estimated taxable income in future periods is not on a legal entity basis and therefore income tax expense for the interim period is not measured using the annual effective tax rate ("AETR") method. The Company is working on developing reliable estimates for future periods. The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. The Company is no longer subject to U.S. federal examinations by tax authorities for years before 2018 and for state examinations before 2015. Regarding foreign subsidiaries, the Company is no longer subject to examination by tax authorities for years before 2011 in Asia and generally 2013 in Europe.

As a result of the expiration of the statutes of limitations for specific jurisdictions, it is reasonably possible that the related unrecognized benefits for tax positions taken regarding previously filed tax returns may change materially from those recorded as liabilities for uncertain tax positions in the Company's consolidated financial statements at March 31, 2022. The Company's liabilities for uncertain tax positions totaled $28.7 million and $28.4 million at March 31, 2022 and December 31, 2021, respectively, of which $4.1 million are expected to be resolved during 2022 by way of expiration of the related statute of limitations. These amounts, if recognized, would reduce the Company's effective tax rate.

The Company's policy is to recognize interest and penalties related to uncertain tax positions as a component of the current provision for income taxes. During the three months ended March 31, 2022 and 2021, the Company recognized $0.2 million in interest and penalties in the condensed consolidated statements of operations during each period. The Company has approximately $5.2 million and $5.0 million, respectively, accrued for the payment of interest and penalties at March 31, 2022 and December 31, 2021, which is included in liability for uncertain tax positions in the condensed consolidated balance sheets.

12. RETIREMENT FUND AND PROFIT SHARING PLAN

The Company maintains the Bel Fuse Inc. Employees' Savings Plan, a defined contribution plan that is intended to meet the applicable requirements for tax-qualification under sections 401(a) and (k) of the Internal Revenue Code of 1986, as amended. The expense for the three months ended March 31, 2022 and 2021 amounted to $0.4 million and $0.3 million, respectively. The Company's matching contribution is made in the form of Bel Fuse Inc. Class A common stock. As of March 31, 2022, the plan owned 321,707 and 99,858 shares of Bel Fuse Inc. Class A and Class B common stock, respectively.

The Company also maintains a Nonqualified Deferred Compensation Plan (the "DCP"). With certain exception, the Company's contributions to the DCP are discretionary and become fully vested by the participants upon reaching age 65. The expense for the three months ended March 31, 2022 and 2021 amounted less than $0.1 million during each period. As the plan is fully funded, the assets and liabilities related to the DCP were in equal amounts of $0.7 million at March 31, 2022 and $0.8 million at December 31, 2021. These amounts are included in other assets and other liabilities, respectively, on the accompanying condensed consolidated balance sheets as of each date.

The Company's subsidiaries in Asia have a retirement fund covering substantially all of their Hong Kong based full-time employees. The expense for the three months ended March 31, 2022 and 2021 amounted to $0.8 million and $0.1 million, respectively. As of March 31, 2022, the plan owned 3,323 and 17,342 shares of Bel Fuse Inc. Class A and Class B common stock, respectively.

The Company maintains a SERP, which is designed to provide a limited group of key management and other key employees of the Company with supplemental retirement and death benefits. As discussed in Note 5 above, the Company has investments in a rabbi trust which are intended to fund the obligations of the SERP.

The components of SERP expense are as follows:

	Three Months Ended March 31,	
	2022	2021
Service cost	$ 126	$ 169
Interest cost	159	135
Net amortization	78	127
Net periodic benefit cost	$ 363	$ 431

The service cost component of net benefit cost is presented within cost of sales or selling, general and administrative expense on the accompanying condensed consolidated statements of operations, in accordance with where compensation cost for the related associate is reported. All other components of net benefit cost, including interest cost and net amortization noted above, are presented within other (expense) income, net in the accompanying condensed consolidated statements of operations.

The following amounts are recognized net of tax in accumulated other comprehensive loss:

	March 31, 2022	December 31, 2021
Prior service cost	$ 428	$ 460
Net loss	1,345	1,391
	$ 1,773	$ 1,851

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of accumulated other comprehensive loss at March 31, 2022 and December 31, 2021 are summarized below:

	March 31, 2022	December 31, 2021
Foreign currency translation adjustment, net of taxes of ($404) at March 31, 2022 and ($417) at December 31, 2021	$ (16,127)	$ (14,911)
Unrealized gains (losses) on interest rate swap cash flow hedge, net of taxes of ($7) at March 31, 2022 and ($7) at December 31, 2021	2,897	(87)
Unfunded SERP liability, net of taxes of ($485) at March 31, 2022 and ($502) at December 31, 2021	(3,804)	(3,865)
Accumulated other comprehensive loss	$ (17,034)	$ (18,863)

Changes in accumulated other comprehensive loss by component during the three months ended March 31, 2022 are as follows. All amounts are net of tax.

	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Interest Rate Swap Cash Flow Hedge	Unfunded SERP Liability	Total
Balance at December 31, 2021	$ (14,911)	$ (87)	$ (3,865)	$ (18,863)
Other comprehensive (loss) income before reclassifications	(1,216)	2,984	(6)	1,762
Amount reclassified from accumulated other comprehensive loss	-	-	67 (a)	67
Net current period other comprehensive (loss) income	(1,216)	2,984	61	1,829
Balance at March 31, 2022	$ (16,127)	$ 2,897	$ (3,804)	$ (17,034)

(a) This reclassification relates to the amortization of prior service costs and gains/losses associated with the Company's SERP Plan. This expense is reflected in other (expense) income, net on the accompanying condensed consolidated statements of operations.

14. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

On June 23, 2021, a patent infringement lawsuit styled *Bel Power Solutions, Inc. v. Monolithic Power Systems, Inc.*, Case Number 6:21cv00655, was filed in the United States District Court for the Western District of Texas (Waco Division) by Bel Power Solutions, Inc. against Monolithic Power Systems, Inc. ("MPS") for infringement of various patents directed towards systems, methods and articles of manufacture that provide a substantial improvement in power control for circuits, including novel and unique point-of-load regulators. MPS filed a Motion to Dismiss and a Motion to Transfer Venue to the Northern District of California in September 2021. On May 5, 2022, the Western District of Texas court denied MPS's motion to dismiss and its efforts to challenge venue. As such, the suit shall remain and continue in the Western District of Texas. The Company has made a demand for a jury trial.

In connection with the Company's 2014 acquisition of the Power-One Power Solutions business ("Power Solutions") of ABB Ltd., there is an ongoing claim by the Arezzo Revenue Agency in Italy concerning certain tax matters related to what was then Power-One Asia Pacific Electronics Shenzhen Co. Ltd. (now Bel Power Solutions Asia Pacific Electronics Shenzhen Co. Ltd, or "BPS China") for the years 2004 to 2006. In September 2012, the Tax Court of Arezzo ruled in favor of BPS China and cancelled the claim. In February 2013, the Arezzo Revenue Agency filed an appeal of the Tax Court's ruling. The hearing of the appeal was held on October 2, 2014. On October 13, 2014, BPS China was informed of the Regional Tax Commission of Florence ruling which was in favor of the Arezzo Revenue Agency and against BPS China. An appeal was filed on July 18, 2015 before the Regional Tax Commission of Florence and rejected. On December 5, 2016, the Arezzo Revenue Agency filed an appeal with the Supreme Court and BPS China filed a counter-appeal on January 4, 2017. The Supreme Court has yet to render its judgment. The estimated liability related to this matter is approximately $12.0 million and has been included as a liability for uncertain tax positions on the accompanying condensed consolidated balance sheets. As Bel is fully indemnified in this matter per the terms of the stock purchase agreement with ABB, a corresponding other asset for indemnification is also included in other assets on the accompanying condensed consolidated balance sheets at March 31, 2022 and December 31, 2021.

The Company is not a party to any other legal proceeding, the adverse outcome of which is likely to have a material adverse effect on the Company's consolidated financial condition or results of operations.

15. SEGMENTS

The Company operates in one industry with three reportable operating segments, which represent the Company's three product groups and a corporate segment. The segments consist of Connectivity Solutions, Power Solutions and Protection, Magnetic Solutions and a Corporate segment. The primary criteria by which financial performance is evaluated and resources are allocated are revenue and gross profit. The following is a summary of key financial data:

	Three Months Ended March 31, 2022				
	Connectivity Solutions	Power Solutions and Protection	Magnetic Solutions	Corporate Segment	Total
Revenue	$ 43,713	$ 58,790	$ 34,215	$ -	$ 136,718
Gross Profit	11,596	15,938	6,890	(300)	34,124
Gross Profit %	26.5%	27.1%	20.1%	nm	25.0%

	Three Months Ended March 31, 2021				
	Connectivity Solutions	Power Solutions and Protection	Magnetic Solutions	Corporate Segment	Total
Revenue	$ 38,056	$ 43,641	$ 28,946	$ -	$ 110,643
Gross Profit	9,773	10,782	3,961	(257)	24,259
Gross Profit %	25.7%	24.7%	13.7%	nm	21.9%

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the Company's condensed consolidated financial statements and the related notes set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q, our MD&A set forth in Item 7 of Part II of our 2021 Annual Report on Form 10-K and our consolidated financial statements and related notes set forth in Item 8 of Part II of our 2021 Annual Report on Form 10-K. See Part II, Item 1A, "Risk Factors," below and "Cautionary Notice Regarding Forward-Looking Information," above, and the information referenced therein, for a description of risks that we face and important factors that we believe could cause actual results to differ materially from those in our Forward-Looking Statements. All statements herein regarding the anticipated or likely impact of COVID-19 constitute Forward-Looking Statements. All amounts and percentages are approximate due to rounding and all dollars in the text are in millions, except per share amounts or where otherwise noted. When we cross-reference to a "Note," we are referring to our "Notes to Condensed Consolidated Financial Statements," unless the context indicates otherwise. All amounts noted within the tables are in thousands and amounts and percentages are approximate due to rounding.

Overview

Our Company

Bel designs, manufactures and markets a broad array of products that power, protect and connect electronic circuits. These products are primarily used in the networking, telecommunications, computing, high-speed data transmission, military, commercial aerospace, transportation and e-Mobility industries. Bel's portfolio of products also finds application in the automotive, medical, broadcasting and consumer electronics markets.

The Company operates through three product group segments, in addition to a Corporate segment. In the three months ended March 31, 2022, 43% of the Company's revenues were derived from Power Solutions and Protection, 32% from Connectivity Solutions and 25% from its Magnetic Solutions operating segment.

Our operating expenses are driven principally by the cost of labor where the factories that Bel uses are located, the cost of the materials that we use and our ability to effectively and efficiently manage overhead costs. As labor and material costs vary by product line and region, any significant shift in product mix can have an associated impact on our costs of sales. Costs are recorded as incurred for all products manufactured. Such amounts are determined based upon the estimated stage of production and include materials, labor cost and fringes and related allocations of factory overhead. Our products are manufactured at various facilities in the U.S., Mexico, Dominican Republic, England, Czech Republic, Slovakia, India and the People's Republic of China (PRC).

We have little visibility into the ordering habits of our customers and we can be subjected to large and unpredictable variations in demand for our products. Accordingly, we must continually recruit and train new workers to replace those lost to attrition and be able to address peaks in demand that may occur from time to time. These recruiting and training efforts and related inefficiencies, and overtime required in order to meet any increase in demand, can add volatility to the labor costs incurred by us.

The Effects of COVID-19 on Bel's Business

The Company continues to be focused on the safety and well-being of its associates around the world in light of COVID-19 and the variants of COVID that followed. A significant amount of products manufactured by Bel are utilized in military, medical and networking applications, and are therefore deemed essential by many of the jurisdictions in which we operate. Our management team closely monitors the situation at each of Bel's facilities and has been able to effectively respond in implementing our business continuity plans around the world. Protective measures, where possible, remain in place throughout our facilities. The majority of our office staff now follow a hybrid work schedule. The combination of protective measures at our factories coupled with remote work arrangements have enabled us to maintain operations, including financial reporting systems, internal controls over financial reporting and disclosure controls and procedures.

On March 13, 2022, the PRC government issued a notice whereby effective immediately, certain regions were temporarily shut down to perform widespread testing in response to a COVID-19 outbreak in those regions and in accordance with Beijing's "zero-tolerance" policy. Our Bel Power Solutions manufacturing facility in Shenzhen, China and our Magnetics TRP manufacturing facility in Changping, China were closed for approximately one week during the month of March 2022 while residents underwent testing. Further, certain of Bel's customers and suppliers are also located within these regions, which caused a temporary disruption in the related supply chain. Although all of our manufacturing sites are running at normal workforce levels as of the filing date of this Quarterly Report on Form 10-Q, COVID-19 remains a potential supply continuity risk due to the unknown nature of future outbreaks. Given the general uncertainty regarding the impact of COVID-19 on our manufacturing capability, on our customers and our suppliers, we are unable to quantify the ultimate impact of COVID-19 on our future results at this time.

Beginning in the third quarter of 2021, pandemic-related issues have created additional port congestion and intermittent supplier shutdowns and delays, resulting in additional expenses to expedite delivery of critical parts. In order to better control our costs, the expediting of raw material deliveries has been generally reserved for customer-specific requests for expedited timing whereby our end customer has agreed to pay the incremental fee. Further, the majority of our product is shipped via air, and we have therefore been minimally impacted by ocean-related logistic constraints. While there are some delays within the supply chain in the movement of products related to border closures and government monitoring/treatment of goods being transported across borders, to date such delays have not materially impacted our ability to operate our business or achieve our business goals.

Based on our analysis of ASC 350 and ASC 360 during the three months ended March 31, 2022, we are not aware of any potential triggering events for impairment of our goodwill, indefinite-lived intangible assets or finite-lived assets. The Company will continue to assess the relevant criteria on a quarterly basis based on updated cash flow and market assumptions. Unfavorable changes in cash flow or market assumptions could result in impairment of these assets in future periods.

As our operations have continued, albeit at slightly reduced production and efficiency rates, we have not experienced a negative impact on our liquidity to date. Our balance of cash on hand continues to be strong at $51.2 million at March 31, 2022 as compared to $61.8 million at December 31, 2021. The Company also has availability under its current revolving credit facility; as of March 31, 2022, the Company could borrow an additional $62.5 million while still being in compliance with its debt covenants. However, any further negative impact to our financial results related to COVID-19 would have a related negative impact on our financial covenants outlined in our credit agreement, which would impact the amount available to borrow under our revolving credit facility. The management team closely monitors the rapidly changing COVID situation and has developed plans which could be implemented to minimize the impact to the Company in the event the situation deteriorates.

Our statements regarding the future impact of COVID-19 represent Forward-Looking Statements. See "Cautionary Notice Regarding Forward-Looking Information."

Other Key Factors Affecting our Business

The Company believes that, in addition to COVID-19, the key factors affecting Bel's results for the three months ended March 31, 2022 and/or future results include the following:

- Revenues – The Company's revenues in the first three months of 2022 were up $26.1 million, or 23.6%, as compared to the same period of 2021. The increase was primarily seen within our Power Solutions and Protection group from incremental revenue associated with the EOS acquisition, increased demand for our CUI and circuit protection products, and recent power design wins moving into production within the eMobility end market. In addition, each of our three product groups experienced an increase in sales through our distribution partners during the first quarter of 2022 as compared to 2021. Our Connectivity Solutions group is also benefiting from a rebound within the commercial aerospace end market, which contributed to higher sales for this group as compared to the first quarter of 2021.

- Backlog – Our backlog of orders amounted to $524.8 million at March 31, 2022, an increase of $56.9 million, or 12%, from December 31, 2021. From year-end 2021 to March 31, 2022, we saw a 15% increase in the backlog for our Power Solutions and Protection business due to increased demand across the majority of our Power product lines. At quarter-end, the backlog of orders for our Magnetic Solutions products grew by 9% from year-end, primarily driven by an increase in orders from a large networking customer. During the first quarter of 2022, the backlog for our Connectivity Solutions products increased by 8% from the 2021 year-end levels, primarily due to higher demand from our distribution customers and continued recovery in demand from our direct and after-market commercial aerospace customers.

- Product Mix – Material and labor costs vary by product line and any significant shift in product mix between higher- and lower-margin product lines will have a corresponding impact on the Company's gross margin percentage. In general, our Connectivity products have the highest contribution margins of our three product groups. Our Power products have a higher cost bill of materials and are impacted to a greater extent by changes in material costs. As our Magnetic Solutions products are more labor intensive, margins on these products are impacted to a greater extent by minimum and market-based wage increases in the PRC and fluctuations in foreign exchange rates between the U.S. Dollar and the Chinese Renminbi. Fluctuations in revenue volume among our product groups will have a corresponding impact on Bel's profit margins. See *Summary by Operating Segment - Revenue and Gross Margin* below for further details.

- Pricing and Availability of Materials – There have been ongoing supply constraints related to components that constitute raw materials in our manufacturing processes, particularly with resistors, capacitors, discrete semiconductors, plastic resin and copper. Lead times have been extended and the reduction in supply also caused an increase in prices for certain of these components. The Company's material costs as a percentage of revenue were 44.6% of sales during the first three months of 2022, down slightly from 45.5% during the same period of 2021 as a result of a favorable shift in product mix and the impact of recent pricing actions, offset in part by higher material costs in the 2022 period.

- Labor Costs – Labor costs were 9.5% of revenue during the first three months of 2022 as compared to 9.1% of revenue during the same period of 2021. The increase in labor costs for the first quarter of 2022 was largely impacted by an increase in labor-intensive integrated connector module (ICM) products coupled with higher labor costs associated with unfavorable exchange rate fluctuations in 2022 and wage increases at our PRC factories. Further, our Connectivity group incurred incremental labor costs in the first quarter of 2022 related to a recent increase in production associate headcount to accommodate the ramp up in demand from the commercial aerospace end market.

- Restructuring – While there were no restructuring costs incurred during the three months ended March 31, 2022, the Company will continue to explore opportunities to streamline the organization to further improve profitability. These efforts may result in incremental restructuring costs being recognized in future periods.

- Impact of Foreign Currency – As further described below, during the three months ended March 31, 2022, labor and overhead costs were $0.1 million higher than the same period of 2021 due to an unfavorable foreign exchange environment involving the Chinese Renminbi as compared to the prior year period. However, also as described below, the Company realized offsetting foreign exchange transactional gains of $0.3 million during the three months ended March 31, 2022, due to the fluctuation of the spot rates of certain currencies in effect when translating our balance sheet accounts at March 31, 2022 versus those in effect at December 31, 2021. Since we are a U.S. domiciled company, we translate our foreign currency-denominated financial results into U.S. dollars. Due to the changes in the value of foreign currencies relative to the U.S. dollar, translating our financial results and the revaluation of certain intercompany as well as third-party transactions to and from foreign currencies to U.S. dollars may result in a favorable or unfavorable impact to our consolidated statements of operations and cash flows. The Company was unfavorably impacted by transactional foreign exchange losses in the first three months of 2022 due to the appreciation of the Chinese Renminbi against the U.S. dollar as compared to exchange rates in effect during 2021, offset by the impact of depreciation of the Euro, British Pound, Mexican Peso against the U.S. dollar during that same period. The Company has significant manufacturing operations located in in the PRC where labor and overhead costs are paid in local currency. As a result, the U.S. Dollar equivalent costs of these operations were $0.1 million higher in the three months ended March 31, 2022 as compared to the same period of 2021. The Company monitors changes in foreign currencies and in 2022 implemented additional foreign currency forward contracts, and may continue to implement pricing actions to help mitigate the impact that changes in foreign currencies may have on its consolidated operating results. The preceding sentence represents a Forward-Looking Statement. See "Cautionary Notice Regarding Forward-Looking Information."

- Effective Tax Rate – The Company's effective tax rate will fluctuate based on the geographic jurisdiction in which our pretax profits are earned. Of the geographic jurisdictions in which we operate, the U.S. and Europe's tax rates are generally equivalent; and Asia has the lowest tax rates of the Company's three geographical jurisdictions. See Note 11, "Income Taxes".

Our strategic initiatives aimed at enhancing Bel's margins and driving continued improvement and operational excellence are showing strong results. We are also seeing the benefits of the implementation of our new pricing policies throughout the sales channels. With record backlog and strong bookings going into our second quarter, we remain positive about the balance of the year. The preceding sentences represent Forward-Looking Statements. See "Cautionary Notice Regarding Forward-Looking Information."

Results of Operations - Summary by Operating Segment

Revenue and Gross Margin

The Company's revenue and gross margin by operating segment for the three months ended March 31, 2022 and 2021 were as follows:

	Three Months Ended March 31,			
	Revenue		Gross Margin	
	2022	2021	2022	2021
Connectivity solutions	$ 43,713	$ 38,056	26.5%	25.7%
Magnetic solutions	34,215	28,946	20.1%	13.7%
Power solutions and protection	58,790	43,641	27.1%	24.7%
	$ 136,718	$ 110,643	25.0%	21.9%

Connectivity Solutions:

Sales of our Connectivity Solutions products increased by $5.7 million during the first quarter of 2022 as compared to the first quarter of 2021. This increase was primarily due to a partial rebound in demand from direct and after-market commercial aerospace customers of $2.9 million (89%) during the three months ended March 31, 2022 as compared to the same period of 2021. Sales of Connectivity Solutions products through our distribution channels were also $3.2 million (22%) higher during the three months ended March 31, 2022 as compared to the same period of 2021. These sales increases were offset by a decline in military sales of $1.6 million (15%) during the three months ended March 31, 2022 as compared to the prior year period. The gross margin benefits of the higher sales volume were partially offset by higher material and labor costs in the 2022 period.

Magnetic Solutions:

Sales of our Magnetic Solutions products improved by $5.3 million during the three months ended March 31, 2022 as compared to the same period of 2021. Demand for our Magnetic Solutions products from our networking customers and through our distribution channels has been the primary driver of the sales increase, despite the resurgence of COVID-related factory shutdowns at certain of our manufacturing facilities in China during part of March 2022. The higher sales volume made a meaningful impact on gross margin improvement for this product group from last year's first quarter, and outweighed the effects of higher labor rates in China for this group.

Power Solutions and Protection:

Sales of our Power Solutions and Protection products were higher by $15.1 million during the first quarter of 2022 as compared to the same quarter of 2021. The sales increase for the first quarter was led by the inclusion of EOS, acquired in March 2021, which contributed sales of $4.2 million, a $4.2 million (107%) increase in circuit protection product sales, a $3.8 million (37%) increase in CUI sales, and a $2.8 million (90%) increase in sales of product going into the eMobility end market. Sales growth in the first quarter of 2022 was offset in part by a decline in DC/DC power product sales of $2.0 million as compared to the first quarter of 2021. Gross margin improved in the 2022 period above as compared to the 2021 period as higher sales volume and a favorable shift in product mix offset the impact of increased material and labor costs.

Cost of Sales

Cost of sales as a percentage of revenue for the three months ended March 31, 2022 and 2021 consisted of the following:

	Three Months Ended March 31,	
	2022	2021
Material costs	44.6%	45.5%
Labor costs	9.5%	9.1%
Other expenses	20.9%	23.5%
Total cost of sales	75.0%	78.1%

Material costs as a percentage of sales during the three months ended March 31, 2022 were down compared to the first quarter of 2021, due in part to a favorable shift in product mix coupled with recent pricing actions, despite the continued industry-wide shortages on certain raw materials, such as semiconductors and plastic resin, which has led to an increase in material pricing from our suppliers. Labor costs as a percentage of sales have increased from the first quarter of 2021 due to an increase in sales of our labor-intensive ICM products, wage rate increases at our PRC factories, and an unfavorable fluctuation in the Chinese Renminbi exchange rate versus the U.S. Dollar. Further, our Connectivity group incurred incremental labor costs in the first quarter of 2022 related to recruiting and training of approximately 300 new factory associates to accommodate the increase in demand from the commercial aerospace end market.

The other expenses noted in the table above include fixed cost items such as support labor and fringe, depreciation and amortization, and facility costs (rent, utilities, insurance). In total, these other expenses increased during the first quarter of 2022 by $3.3 million as compared to the first quarter of 2021 due to a variety of factors. The recent ramp up in commercial aerospace demand has resulted in significant headcount increases at our factories that support this end market, restoring some of the indirect labor and overhead expenses that had been previously reduced when demand was low. Further, certain of our other factories have started to run additional shifts to accommodate the increase in demand from our customers, resulting in higher overhead costs. In addition to an increase in support labor headcount, wage rate increases, both inflationary and government-mandated increases to minimum wage rates, have led to higher costs in the first quarter of 2022 as compared to the same period of 2021.

Research and Development ("R&D") Expense:

R&D expense amounted to $5.0 million, the same as the first quarter of 2021.

Selling, General and Administrative Expense (“SG&A”)

SG&A expenses were $21.0 million for the first quarter of 2022, the same as the first quarter of 2021. Within SG&A, increases in sales commissions of $0.5 million and property insurance of $0.2 million during the first quarter of 2022 were offset in full by a $0.7 million reduction in legal and professional fees as compared to the first quarter of 2021.

Provision for Income Taxes

The Company’s effective tax rate will fluctuate based on the geographic jurisdiction in which the pretax profits are earned. Of the geographic jurisdictions in which the Company operates, the U.S. and Europe’s tax rates are generally equivalent; and Asia has the lowest tax rates of the Company’s three geographical segments. See Note 11, “Income Taxes”.

The provision for income taxes was $1.6 million and $1.0 million for the three months ended March 31, 2022 and March 31, 2021, respectively. The Company’s earnings before income taxes for the three months ended March 31, 2022, were approximately $2.4 million higher than the same period in 2021, primarily attributable to an increase in income in the Asia and Europe regions, offset by a decrease in the North America region. The Company’s effective tax rate was 23.6% and 23.8% for the three months ended March 31, 2022 and 2021, respectively. Our tax rate for the first quarter of 2022 remained relatively consistent compared to the same quarter of 2021, affected by tax rates in foreign jurisdictions and the relative amounts of income earned in those jurisdictions. See Note 11, “Income Taxes.”

Liquidity and Capital Resources

Our principal sources of liquidity include $51.2 million of cash and cash equivalents at March 31, 2022, cash provided by operating activities and borrowings available under our credit facility. We expect to use this liquidity for operating expenses, investments in working capital, capital expenditures, interest, taxes, dividends, debt obligations and other long-term liabilities. We believe that our current liquidity position and future cash flows from operations will enable us to fund our operations, both in the next twelve months and in the longer term.

Cash Flow Summary

During the three months ended March 31, 2022, the Company's cash and cash equivalents decreased by $10.5 million. This decrease was primarily due to the following:

- net cash used in operating activities of $7.7 million;
- purchases of property, plant and equipment of $2.0 million; and
- dividend payments of $0.8 million

During the three months ended March 31, 2022, accounts receivable increased by $6.7 million due to the conversion of unbilled receivables into invoiced receivables during the first quarter related to activity in our customer-controlled hub arrangements. Days sales outstanding (DSO) increased to 62 days at March 31, 2022 as compared to 54 days at December 31, 2021. Inventory increased by $16.3 million at March 31, 2022 compared to December 31, 2021, largely in raw materials and WIP to accommodate the continued increase in product orders. Inventory turns, excluding R&D, decreased to 2.6 at March 31, 2022 from 3.1 at December 31, 2021.

Cash and cash equivalents, marketable securities and accounts receivable comprised approximately 27.9% of the Company's total assets at March 31, 2022 and 29.1% of total assets at December 31, 2021. The Company's current ratio (i.e., the ratio of current assets to current liabilities) was 3.1 to 1 at March 31, 2022 and 2.9 to 1 at December 31, 2021. At March 31, 2022 and December 31, 2021, $37.6 million and $42.0 million, respectively (or 73% and 68%, respectively), of cash and cash equivalents was held by foreign subsidiaries of the Company. During the first three months of 2022, the Company did not repatriate any funds from outside of the U.S. We continue to analyze our global working capital and cash requirements and the potential tax liabilities attributable to further repatriation, and we have yet to make any further determination regarding repatriation of funds from outside the U.S. to fund the Company's U.S. operations in the future. In the event these funds were needed for Bel's U.S. operations, the Company would be required to accrue and pay U.S. state taxes and any applicable foreign withholding taxes to repatriate these funds.

Future Cash Requirements

The Company expects foreseeable liquidity and capital resource requirements to be met through existing cash and cash equivalents and anticipated cash flows from operations, as well as borrowings available under its revolving credit facility, if needed. The Company's material cash requirements arising in the normal course of business are outlined in Item 7A, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021. There were no material changes to the Company's future cash requirements during the three months ended March 31, 2022.

Credit Facility

In September 2021, the Company entered into the CSA, as further described in Note 10, "Debt". The CSA contains customary representations and warranties, covenants and events of default. In addition, the CSA contains financial covenants that measure (i) the ratio of the Company's total funded indebtedness, on a consolidated basis, less the aggregate amount of all unencumbered cash and cash equivalents, to the amount of the Company's consolidated EBITDA ("Leverage Ratio") and (ii) the ratio of the amount of the Company's consolidated EBITDA to the Company's consolidated fixed charges ("Fixed Charge Coverage Ratio"). If an event of default occurs, the lenders under the CSA would be entitled to take various actions, including the acceleration of amounts due thereunder and all actions permitted to be taken by a secured creditor. At March 31, 2022, the Company was in compliance with its debt covenants, including its most restrictive covenant, the Leverage Ratio. The unused credit available under the credit facility at March 31, 2022 was $62.5 million, all of which we had the ability to borrow without violating our Leverage Ratio covenant based on the Company's existing consolidated EBITDA.

Critical Accounting Policies and Estimates

The Company's condensed consolidated financial statements include certain amounts that are based on management's best estimates and judgments. The Company bases its estimates on historical experience and on various other assumptions, including in some cases future projections, that are believed to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Different assumptions and judgments could change the estimates used in the preparation of the condensed consolidated financial statements, which, in turn, could change the results from those reported. Management evaluates its estimates, assumptions and judgments on an ongoing basis.

Based on the above, we have determined that our most critical accounting estimates are those related to business combinations, inventory valuation, goodwill and other indefinite-lived intangible assets, and those related to our pension benefit obligations. For a detailed discussion of the Company's critical accounting estimates, refer to "Critical Accounting Estimates" in Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021. There have been no material changes in the Company's critical accounting policies, judgments and estimates, including assumptions or estimation techniques utilized, as compared to those disclosed in the Company's 2021 Annual Report on Form 10-K.

Recent Accounting Pronouncements

The discussion of new financial accounting standards applicable to the Company is incorporated herein by reference to Note 1 to the Company's Financial Statements, "Basis of Presentation and Accounting Policies," included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is not required to provide the information called for by this Item as it is a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act.

Item 4. Controls and Procedures

Disclosure controls and procedures: As of the end of the period covered by this report, the Company carried out an evaluation, with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures pursuant to Securities Exchange Act Rule 13a-15. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in internal controls over financial reporting: There has not been any change in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

The information called for by this Item is incorporated herein by reference to Note 14, "Commitments and Contingencies" of the Company's Condensed Consolidated Financial Statements, under "Legal Proceedings", as set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q. We are also involved in various other legal actions incidental to our business. We believe, after consulting with counsel, that the disposition of these other legal proceedings and matters will not have a material effect on our condensed consolidated financial condition or results of operations.

Item 1A. Risk Factors

The risk factors described in Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 should be carefully considered before making an investment decision. These are the risk factors that we consider to be the most significant risk factors, but they are not the only risk factors that should be considered in making an investment decision. This Quarterly Report on Form 10-Q also contains Forward-Looking Statements that involve risks and uncertainties. See the "Cautionary Notice Regarding Forward-Looking Information," above. Our business, consolidated financial condition and consolidated results of operations could be materially adversely affected by any of the risk factors described, under "Cautionary Notice Regarding Forward-Looking Information" or with respect to specific Forward-Looking Statements presented herein. The trading price of our securities could decline due to any of these risks, and investors in our securities may lose all or part of their investment. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially adversely affect our business in the future. Except as required by the federal securities law, we undertake no obligation to update or revise any risk factor, whether as a result of new information, future events or otherwise.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On May 6, 2022, we entered into an employment agreement with Farouq Tuweiq, our Chief Financial Officer (the “Employment Agreement”).

The Employment Agreement provides for Mr. Tuweiq to continue to serve as our Chief Financial Officer, reporting to our Chief Executive Officer, with an annual base salary of $270,000, his current rate of base pay, subject to adjustment in the discretion of the compensation committee of our board of directors (the “Compensation Committee”). Under the Employment Agreement, Mr. Tuweiq is eligible for annual bonuses in the discretion of the Compensation Committee. For 2022, however, Mr. Tuweiq’s target bonus will be commensurate with that of our other senior executives, and he will receive an additional incremental bonus for 2022 in an amount equal to eight weeks of base salary. To receive any bonus, Mr. Tuweiq must be employed by us at December 31st of the year to which the bonus relates. Mr. Tuweiq will be provided an $8,400 annual transportation allowance and will be eligible for all employee benefits and perquisites provided to our other employees and senior executives.

Mr. Tuweiq will also be eligible to continue to participate in our Nonqualified Deferred Compensation Plan (“DCP”), to which the Company will credit him with $25,000 per year for each of his first four years of participation. Thereafter, the Company’s credits to the DCP on his behalf will be discretionary, with an annual target of $10,000. Mr. Tuweiq's DCP account attributable to Company credits will vest upon his attainment of age 55 if he is then in employment with the Company. Vesting will also occur in the event of his termination of employment due to death or disability or if a change in control event (as defined in the DCP) occurs during his employment with the Company.

Pursuant to the Employment Agreement, Mr. Tuweiq’s employment with the Company will continue to be at-will. In the event that Mr. Tuweiq’s employment with the Company is involuntarily terminated without cause (as defined in the Employment Agreement) or if he resigns for good reason (as defined in the Employment Agreement), subject to his execution of a release containing customary terms, he will receive severance in a lump sum amount equal to 50% of his then annual base salary and all of the unvested shares of the Company's Class B common stock that are subject to his May 15, 2021 restricted stock award will become fully vested.

By entering into the Employment Agreement, Mr. Tuweiq has reaffirmed his obligations under the Employee Intellectual Property and Confidential Information Agreement he entered into when he commenced employment with us.

The foregoing summary is qualified in its entirety by reference to the full text of the Employment Agreement, a copy of which is filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q, and is incorporated by reference into this Item 5.

Item 6. Exhibits

(a) Exhibits:

10.1*†	Employment Agreement, dated as of May 6, 2022, by and between Bel Fuse Inc. and Farouq Tuweiq.
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibits 101)

* Filed herewith.
** Submitted herewith.
† Management contract or compensatory plan or arrangement.

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.

BEL FUSE INC.

May 6, 2022

By:/s/ Daniel Bernstein
Daniel Bernstein
President and Chief Executive Officer
(Principal Executive Officer)

By:/s/ Farouq Tuweiq
Farouq Tuweiq
Chief Financial Officer
(Principal Financial Officer)

Employment Agreement

This Employment Agreement (the "Agreement") is made and entered into as of May 6, 2022 (the "Effective Date"), by and between Farouq Tuweiq (the "Executive") and Bel Fuse, Inc., a New Jersey corporation (the "Company").

WHEREAS, the Company employs the Executive as its Chief Financial Officer; and

WHEREAS, the Company and the Executive desire to set forth the terms and conditions of the Executive's continued employment in such capacity;

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Term. The Executive's employment pursuant to the terms of this Agreement shall be effective as of the Effective Date and shall continue until terminated pursuant to Section 5 of this Agreement. The period during which the Executive is employed by the Company hereunder is hereinafter referred to as the "Employment Term."

2. Position and Duties.

   2.1 Position. During the Employment Term, the Executive shall serve as the Chief Financial Officer of the Company, reporting to the President and Chief Executive Officer of the Company (the "CEO"). In such position, the Executive shall have such duties, authority, and responsibility as are consistent with the Executive's position.

   2.2 Duties. During the Employment Term, the Executive will not engage in any other business, profession, or occupation for compensation or otherwise which would conflict or interfere with the performance of such services either directly or indirectly without the prior written consent of the CEO. Notwithstanding the foregoing, the Executive shall be permitted to (a) act or serve as a director, trustee, committee member, or principal of any type of civic or charitable organization, (b) manage the Executive's passive personal investments, and (c) participate in the role with the entity that was previously approved by the Compensation Committee of the Board of Directors of the Company (the "Board") prior to the Effective Date provided that such role does not interfere or conflict with your duties and responsibilities to the Company.

   2.3 IP and Confidentiality Agreement. That certain Employee Intellectual Property and Confidential Information Agreement (the "IP and Confidentiality Agreement") dated December 7, 2020, remains in full force and effect.

3. Place of Performance. The principal place of Executive's employment shall be the Company's principal executive office in Jersey City, New Jersey.

4. Compensation.

4.1 Base Salary. The Company shall pay the Executive an annual rate of base salary of $270,000 in accordance with the Company's customary payroll practices and applicable wage payment laws. The Base Salary is subject to adjustment in the discretion of the Compensation Committee of the Board. The Executive's annual base salary, as in effect from time to time, is hereinafter referred to as the "Base Salary".

4.2 Bonus. The Executive's target level bonus for 2022 shall be commensurate with that of other senior executives of the Company. For 2022, the Executive will also receive an incremental bonus equal to eight (8) weeks of Base Salary. To be eligible for such bonus amounts, the Executive must remain employed with the Company through December 31, 2022. Such bonuses amounts will be paid at the time the Company pays bonuses generally, but not later than March 15, 2023. For years after 2022, the Executive will be eligible for a bonus of such amount, if any, and subject to such other conditions, as determined by the Compensation Committee of the Board in its discretion.

4.3 Deferred Compensation. The Executive shall be eligible to participate in the Bel Fuse Inc. Nonqualified Deferred Compensation Plan (the "DCP"). For each of the first four years of participation in the DCP, the Company shall credit the Executive's account under the DCP with $25,000. Thereafter, the Company will credit the Executive's DCP account with such annual amounts as are determined by the Compensation Committee of the Board in its discretion, with the target amount per year being $10,000. Notwithstanding anything contained in the DCP to the contrary, in addition to terms for accelerated vesting upon termination of employment due to death or "Disability" (as defined in the DCP) or upon a "Change in Control Event" (as defined in the DCP), the Executive's account under the DCP attributable to Company credits shall 100% "cliff" vest upon the Executive's attainment of age 55 if Executive is then employed by the Company. If the Executive terminates employment with the Company prior to the earlier of age 55 or a Change in Control Event (as so defined), and other than due to death or Disability (as so defined), the Executive's account under the DCP attributable to Company credits shall be forfeited. The Company reserves the right to amend or terminate the DCP at any time in its sole discretion.

4.4 Employee Benefits. During the Employment Term, the Executive shall be entitled to participate in all employee benefit plans, practices, and programs maintained by the Company for the benefit of employees of the Company generally, as in effect from time to time (collectively, "Employee Benefit Plans"), to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans; provided, however, that your vacation accrual shall be at the rate of 6.66 hours per semi-monthly pay period. The Company reserves the right to amend or cancel any Employee Benefit Plan at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law.

4.5 Perquisites; Transportation Allowance. During the Employment Term, the Executive shall be entitled to such fringe benefits and perquisites as are provided by the Company to other senior executives of the Company generally. The Company will provide the Executive with an annual transportation allowance of $8,400 to be paid in accordance with regular pay practices.

4.6 Business Expenses. The Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment, and travel expenses incurred by the Executive in connection with the performance of the Executive's duties hereunder in accordance with the Company's expense reimbursement policies and procedures.

5. Termination of Employment.

5.1 Notice and Date of Termination. The Executive's employment is "at-will" and the Employment Term and the Executive's employment hereunder may be terminated by either the Company or the Executive at any time and for any reason; provided that, unless the Executive is terminated for Cause (as defined in Section 6.3) or due to the Executive's inability to perform his duties due to disability, either party shall be required to give the other party at least sixty (60) days' advance written notice of any termination of the Executive's employment; provided, further that the Company may accelerate the Executive's date of termination following notice of the Executive's resignation. Upon termination of the Executive's employment during the Employment Term, the Executive shall be entitled to the compensation and benefits described in Section 6 and shall have no further rights to any additional compensation or other benefits from the Company or any of its affiliates. The Executive's employment hereunder shall terminate automatically upon the Executive's death during the Employment Term.

5.2 Resignation of All Positions. Upon termination of the Executive's employment hereunder for any reason, the Executive shall be deemed to have resigned from all positions that the Executive holds as an officer or member of the Board (or a committee thereof) of the Company or any of its affiliates.

5.3 Exit Obligations. Upon termination of the Executive's employment, regardless of the reason for such termination, or at any earlier time as directed by the Company, the Executive shall promptly deliver to the Company any and all tangible confidential information pertaining to the Company in the Executive's possession (including for avoidance of doubt any digital confidential information) and promptly delete all confidential information pertaining to the Company from any computer, cellular phone or other digital or electronic device owned by the Executive. In addition, upon termination of employment, regardless of the reason for such termination, or at any time earlier as directed by the Company, the Executive shall immediately deliver to the Company any property of the Company in the Executive's possession. The Executive shall provide all Company access codes, passcodes, and administrator rights to the Company at any time during or after the Executive's employment on demand.

6. Separation Payments.

6.1 Accrued Amounts. Regardless of the reason for the Executive's termination of employment, including due to death or disability, the Executive (or his estate or dependents, as applicable, in the event of his death) shall be entitled to receive the following (collectively, the "Accrued Amounts"):

i. any accrued but unpaid Base Salary and any bonus earned under Section 4.2 hereof as of the December 31 coincident with or preceding the date of Executive's termination of employment;

ii. to the extent provided by Company policy, accrued but unused paid time-off which shall be in accordance with the Company's customary payroll procedures;

iii. reimbursement for unreimbursed business expenses properly incurred by the Executive prior to the date of termination, which shall be subject to and paid in accordance with the Company's expense reimbursement policy; and

iv. such employee benefits, if any, to which the Executive or the Executive's dependents may be entitled under the Company's employee benefit plans as of the date of termination.

6.2 Involuntary Termination. If the Executive's employment is terminated by the Company without Cause or the Executive resigns for Good Reason (each as defined below), then the Executive shall be entitled to receive (i) the Accrued Amounts, and (ii) subject to the Executive's execution and non-revocation of a release of claims in a form acceptable to the Company (the "Release"), the following:

a. a lump sum severance payment in an amount equal to fifty percent (50%) of the annual Base Salary in effect as of the date of termination. Subject to Section 12.2 hereof, if applicable, such lump sum payment shall be paid with the pay period next following the date that the Release becomes effective; provided, however, that if the period for review and revocation of the Release spans two taxable years, such payment shall be made with the pay period following the later of (i) the first pay period ending in the second of such taxable years or the first pay period after the Release becomes effective; and

b. all of the restricted shares of the Company's Class B common stock awarded to the Executive pursuant to that certain Restricted Stock Award Agreement dated May 15, 2021 shall, to the extent not previously vested, thereupon be fully vested and the restrictions applicable to all such shares shall thereupon lapse.

6.3 Defined Terms. For purposes of this Agreement:

a. "Cause" shall mean the Executive's failure to perform the duties required of the Executive, as reasonably determined by the Board or the CEO, the breach of any material provision of this Agreement or the IP and Confidentiality Agreement, or the material violation of any rule, policy, or practice of the Company.

b. "Good Reason" shall mean a material breach by the Company of its obligations under this Agreement (including those related to the Executive's title, job duties, authority, job location, benefits, and compensation). The Executive shall be required to provide the CEO with ninety (90) days' advance written notice of any resignation for Good Reason, with an opportunity during that time for the Company to cure any claimed material breach. Such written notice shall state in reasonable detail the particular acts or failures to act that constitute the grounds on which the proposed termination for Good Reason is based. No matter may be alleged to constitute Good Reason unless such written notice is provided to the CEO within sixty (60) days after the Executive is in possession of the material information upon which the resignation for Good Reason is based. If the Company reasonably cures the matter, a basis for resignation due to Good Reason shall be deemed not to have occurred.

7. Governing Law: Jurisdiction and Venue. This Agreement, for all purposes, shall be construed in accordance with the laws of the State of New Jersey without regard to conflicts of law principles. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in a state or federal court located in the State of New Jersey. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

8. Entire Agreement. Unless specifically provided herein, this Agreement contains all of the understandings and representations between the Executive and the Company pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. The parties mutually agree that the Agreement can be specifically enforced in court and can be cited as evidence in legal proceedings alleging breach of the Agreement.

9. Modification and Waiver. No provision of this Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by the Executive and by a person specifically authorized by the Board to amend or modify this Agreement. No waiver by either of the parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by either of the parties in exercising any right, power, or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power, or privilege.

10. Captions. Captions and headings of the sections and paragraphs of this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any section or paragraph.

11. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

12. Section 409A.

    12.1 General Compliance. This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

12.2 Specified Employees. Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Executive in connection with his termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the Termination Date or, if earlier, on the Executive's death (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to the Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

12.3 Reimbursements. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

a. the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

b. any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

c. any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

13. Withholding. The Company shall have the right to withhold from any amount payable hereunder any Federal, state, and local taxes in order for the Company to satisfy any withholding tax obligation it may have under any applicable law or regulation.

14. Successors and Assigns. This Agreement is personal to the Executive and shall not be assigned by the Executive. Any purported assignment by the Executive shall be null and void from the initial date of the purported assignment. The Company may assign this Agreement to any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company. This Agreement shall inure to the benefit of the Company and permitted successors and assigns.

15. Notice. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, or by overnight carrier to the parties at the addresses set forth below (or such other addresses as specified by the parties by like notice):

If to the Company:

Bel Fuse, Inc.
206 Van Vorst Street
Jersey City, NJ 07302
Attn: Sherry Urban, Vice President of Human Resources

If to the Executive, at the home address of the Executive recorded in the Company's files.

16. Survival. Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

17. Acknowledgement of Full Understanding. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS AGREEMENT.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Bel Fuse Inc.

By: /s/ Daniel Bernstein
Name: Daniel Bernstein
Title: President and CEO

EXECUTIVE

Signature: /s/ Farouq Tuweiq
Print Name: Farouq Tuweiq

[Signature Page to Employment Agreement]

Exhibit 31.1

CERTIFICATION

I, Daniel Bernstein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bel Fuse 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 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: May 6, 2022

/s/ Daniel Bernstein
Daniel Bernstein
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Farouq Tuweiq, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bel Fuse 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 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: May 6, 2022

/s/ Farouq Tuweiq
Farouq Tuweiq
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the quarterly report of Bel Fuse Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2022 filed with the Securities and Exchange Commission (the "Report"), I, Daniel Bernstein, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and consolidated results of operations of the Company for the periods presented.

Date: May 6, 2022

/s/ Daniel Bernstein
Daniel Bernstein
President and Chief Executive Officer
(Principal Executive Officer)

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

In connection with the quarterly report of Bel Fuse Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2022 filed with the Securities and Exchange Commission (the “Report”), I, Farouq Tuweiq, Chief Financial Officer and Treasurer 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) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and consolidated results of operations of the Company for the periods presented.

Date: May 6, 2022

/s/ Farouq Tuweiq
Farouq Tuweiq
Chief Financial Officer
(Principal Financial Officer)