



THE LGL GROUP REPORTS SECOND QUARTER 2021 RESULTS

ORLANDO, FL August 11, 2021 – The LGL Group, Inc. (NYSE: LGL) (the “Company” or “LGL”), announced its financial results for the three and six months ended June 30, 2021.

- Revenues of \$6.9 million compared to Q2 2020 revenues of \$7.1 million
- Operating income of \$0.6 million versus \$0.2 million for the prior year quarterly period
- Diluted net income per share of zero compared to \$0.05 per share for the prior year quarter
- Adjusted EBITDA was \$0.8 million compared to \$0.3 million for Q2 2020
- Backlog was \$21.3 million versus \$19.8 million at December 31, 2020 and \$22.5 million at June 30, 2020

The Company’s President and Chief Executive Officer, Mike Ferrantino, said, “I am optimistic as our markets have started to show improvement and we are beginning to benefit from our strategic and operational initiatives.”

Bill Drafts, President and Chief Executive Officer of LGL’s main operating unit, MtronPTI, stated, “While the avionics market continued to impact our results, we continue to grow our space business and delivered our first integrated microwave assembly to a top tier defense firm, gaining market share and broadening our technical capabilities and product offering.”

FINANCIAL RESULTS REVIEW

Revenues were \$6.9 million versus \$7.1 million for the second quarter of 2020, 2.5% below prior year. The decline in shipments to the avionics market was mostly offset by strong space business performance. The backlog was \$21.3 million versus \$20.4 million last quarter and \$22.5 million for second quarter 2020. Quarterly bookings of \$7.8 million show sequential improvement, from \$7.1 million last quarter and \$5.8 million in the fourth quarter of 2020, but remain substantially below pre-COVID-19 levels. Improvement in new avionics bookings started last quarter, but deliveries are not being scheduled until early next year; quarterly space market orders also trended upward during 2021.

Gross margins were 39.7% compared to 31.8% for the prior year quarter benefiting from favorable product mix and cost reductions including the elimination of certain previously required costs to preserve manufacturing capabilities in response to the COVID-19 impacts on our business. The Company’s India operation was shut down for five weeks during the second quarter of 2020.

Operating income of \$0.6 million compared to \$0.2 million for the second quarter of 2020 reflecting the margin improvement.

Loss on equity investment of \$0.7 million compared to \$0.1 million in last year’s second quarter. The higher loss reflects the impact of SPAC legal and other costs related to the planned third quarter DFNS and IronNet business combination.

Diluted earnings per share of zero compared to \$0.05 per share in the second quarter of 2020. The second quarter increase in equity loss from the aforementioned business combination related costs (\$0.6 million) offset the Company’s operating income for the period. Weighted average shares outstanding at June 30, 2021 were 5.3 million versus 5.2 million at June 30, 2020.

Quarterly adjusted EBITDA, a non-GAAP measure, was \$0.8 million in the second quarter of 2021 versus \$0.3 million in the second quarter of 2020. (*See GAAP reconciliation in the Appendix.*)

BALANCE SHEET

The Company's strong balance sheet reflects a net cash position, including marketable securities, of \$21.2 million and total working capital of \$28.4 million at June 30, 2021. The Company's management continues to explore growth organically and through diversified merger and acquisitions and believes the relationship with the SPAC has enhanced its strategic profile in this context.

The previously announced LGL Systems Acquisition Corp. (NYSE-DFNS) business combination agreement with IronNet Cybersecurity, Inc. and related private placement are expected to close in the third quarter of 2021. A DFNS special meeting will be held on August 26, 2021; at which time, approval of the business combination transaction will be voted upon by shareholders.

About The LGL Group, Inc.

The LGL Group, Inc., through its two principal subsidiaries MtronPTI and PTF, designs, manufactures and markets highly-engineered electronic components used to control the frequency or timing of signals in electronic circuits, and designs high performance frequency and time reference standards that form the basis for timing and synchronization in various applications.

Headquartered in Orlando, Florida, the Company has additional design and manufacturing facilities in Yankton, South Dakota, Wakefield, Massachusetts and Noida, India, with local sales offices in Hong Kong and Austin, Texas.

For more information on the Company and its products and services, contact James Tivy at The LGL Group, Inc., 2525 Shader Rd., Orlando, Florida 32804, (407) 298-2000, or visit www.lglgroup.com and www.mtronpti.com.

Caution Concerning Forward Looking Statements

This press release may contain forward-looking statements made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as “may,” “will,” “expect,” “project,” “estimate,” “anticipate,” “plan,” “believe,” “potential,” “should,” “continue” or the negative versions of those words or other comparable words. These forward-looking statements are not guarantees of future actions or performance. These forward-looking statements are based on information currently available to us and our current plans or expectations and are subject to a number of uncertainties and risks that could significantly affect current plans, anticipated actions and our future financial condition and results. Certain of these risks and uncertainties are described in greater detail in our filings with the Securities and Exchange Commission. We are under no obligation to (and expressly disclaim any such obligation to) update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.

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THE LGL GROUP, INC.
Condensed Consolidated Statements of Operations
(Unaudited)

(Dollars in Thousands, Except Share and Per Share Amounts)

| | For the Three Months Ended June 30, | |
|---|--|------------------|
| | 2021 | 2020 |
| REVENUES | \$ 6,882 | \$ 7,059 |
| Costs and expenses: | | |
| Manufacturing cost of sales | 4,151 | 4,816 |
| Engineering, selling and administrative | 2,115 | 2,059 |
| OPERATING INCOME | 616 | 184 |
| Total other (expense) income, net | (609) | 128 |
| INCOME BEFORE INCOME TAXES | 7 | 312 |
| Income tax expense | 25 | 57 |
| NET (LOSS) INCOME | <u>\$ (18)</u> | <u>\$ 255</u> |
| | | |
| Weighted average number of shares used in basic EPS calculation | <u>5,272,204</u> | <u>5,211,773</u> |
| BASIC NET (LOSS) INCOME PER COMMON SHARE | <u>\$ 0.00</u> | <u>\$ 0.05</u> |
| Weighted average number of shares used in diluted EPS calculation | <u>5,272,204</u> | <u>5,245,162</u> |
| DILUTED NET (LOSS) INCOME PER COMMON SHARE | <u>\$ 0.00</u> | <u>\$ 0.05</u> |
| | | |
| | For the Six Months Ended June 30, | |
| | 2021 | 2020 |
| REVENUES | \$ 13,418 | \$ 15,677 |
| Costs and expenses: | | |
| Manufacturing cost of sales | 8,552 | 10,478 |
| Engineering, selling and administrative | 4,310 | 4,355 |
| OPERATING INCOME | 556 | 844 |
| Total other (expense) income, net | (516) | (295) |
| INCOME BEFORE INCOME TAXES | 40 | 549 |
| Income tax expense | 31 | 111 |
| NET INCOME | <u>\$ 9</u> | <u>\$ 438</u> |
| | | |
| Weighted average number of shares used in basic EPS calculation | <u>5,272,204</u> | <u>5,132,414</u> |
| BASIC NET INCOME PER COMMON SHARE | <u>\$ 0.00</u> | <u>\$ 0.09</u> |
| Weighted average number of shares used in diluted EPS calculation | <u>5,337,986</u> | <u>5,170,740</u> |
| DILUTED NET INCOME PER COMMON SHARE | <u>\$ 0.00</u> | <u>\$ 0.08</u> |

THE LGL GROUP, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(Dollars in Thousands)

| | <u>June 30, 2021</u> | <u>December 31, 2020</u> |
|--|----------------------|------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 15,254 | \$ 18,331 |
| Marketable securities | 5,993 | 5,791 |
| Accounts receivable, net | 4,654 | 4,122 |
| Inventories, net | 5,548 | 5,280 |
| Prepaid expenses and other current assets | 270 | 257 |
| Total Current Assets | <u>31,719</u> | <u>33,781</u> |
| Property, plant and equipment, net | 2,952 | 2,785 |
| Right-of-use lease assets | 362 | 422 |
| Equity investment in unconsolidated subsidiary | 5,045 | 3,072 |
| Intangible assets, net | 290 | 327 |
| Deferred income taxes, net | 2,996 | 3,052 |
| Other assets | 35 | 16 |
| Total Assets | <u>\$ 43,399</u> | <u>\$ 43,455</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Total Current Liabilities | 3,282 | 3,397 |
| Total Long-Term Liabilities | 246 | 293 |
| Total Liabilities | <u>3,528</u> | <u>3,690</u> |
| Total Stockholders' Equity | 39,871 | 39,765 |
| Total Liabilities and Stockholders' Equity | <u>\$ 43,399</u> | <u>\$ 43,455</u> |

