The LGL Group, Inc.
2525 Shader Road
Orlando, Florida 32804

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held on June 21, 2022

To the Stockholders of The LGL Group, Inc.:

A Special Meeting of Stockholders (the "Special Meeting") of The LGL Group, Inc., a Delaware corporation (the "Company," "we," "our," or "us") will be held on June 21, 2022, commencing at 9:00 a.m. EDST, as a virtual meeting conducted exclusively via live webcast at www.virtualshareholdermeeting.com/LGL2022SM for the following purpose, as more fully described in the accompanying proxy statement:

1. To vote on a proposal to spin-off (the "Spin-Off") of M-tron Industries, Inc., a Delaware corporation ("Mtron"), which will separate the business, activities and investments of the Company into two separate, publicly-traded companies: (i) the Company, which will continue to own and operate Precise Time and Frequency, LLC and hold cash and other investments and (ii) Mtron, which includes the operations of Piezo Technology, Inc. and M-tron Asia, LLC.
2. To transact such other business as may properly come before the Special Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on May 6, 2022 are entitled to receive notice of, and to vote at, the Special Meeting.

Your vote is extremely important, regardless of the number of shares that you own. Whether or not you plan to attend the Annual Meeting via live webcast, we ask that you promptly sign, date and return the enclosed proxy card or voting instruction card in the envelope provided, or submit your proxy by telephone or over the Internet (if those options are available to you) in accordance with the instructions on the enclosed proxy card or voting instruction card.

By Order of the Board of Directors,

James W. Tivy

Chief Financial Officer

Important Notice Regarding the Availability of Proxy Materials for The LGL Group, Inc. Special Meeting of Stockholders to be Held on June 21, 2022

The Proxy Statement, our form of proxy card, are available on the Internet at www.lglgroupproxy.com.

You may obtain instructions on how to attend the annual meeting by calling (407) 587-2274

IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE THE LGL GROUP, INC. THE EXPENSE OF FURTHER REQUESTS FOR PROXIES. THEREFORE, EVEN IF YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED OR OTHERWISE TRANSMIT YOUR VOTING INSTRUCTIONS AS DESCRIBED ON THE ENCLOSED PROXY CARD. NO POSTAGE IS REQUIRED FOR THE PROXY CARD IF MAILED IN THE UNITED STATES.

The LGL Group, Inc.

2525 Shader Road
Orlando, Florida 32804

PROXY STATEMENT

The Board of Directors of The LGL Group, Inc. (the "Company") is soliciting proxies to be used at a Special Meeting of Stockholders of the Company (the "Special Meeting") to be held on June 21, 2022, commencing at 9:00 am EDST, as a virtual meeting conducted exclusively via live webcast at www.virtualshareholdermeeting.com/LGL2022SM, and at any and all postponements or adjournments of the Special Meeting.

At the Special Meeting, stockholders of The LGL Group, Inc. (the "Company") will be asked to approve the spin-off (the "Spin-Off") of M-tron Industries, Inc., a Delaware corporation ("Mtron"), which will separate the business, activities and investments of the Company into two separate, publicly-traded companies: (1) the Company, which will continue to own and operate Precise Time and Frequency, LLC and hold cash and other investments and (2) Mtron, which includes the operations of Piezo Technology, Inc. and M-tron Asia, LLC.

If approved, Company will cease to have any ownership interest in Mtron following the Spin-Off. However the stockholders of the Company will, after the Spin-Off, be stockholders of both the Company and Mtron as the stockholders of the Company immediately prior to the Spin-Off will become the stockholders of Mtron after the Spin-Off. As a stockholder of the Company, you will be distributed one share of Mtron's common stock for each share of the Company's Common Stock held of record by you as of the close of business on the record date for the distribution. The Spin-Off will not impact your holdings of the Company's Common Stock, and, accordingly, your proportionate ownership and voting interest in the Company will not change as a result of the Spin-Off. Your receipt of shares of Mtron's common stock in connection with the Spin-Off is intended to be tax-free for U.S. federal income tax purposes.

Completion of the Spin-Off is subject to a number of conditions, including the approval of the Spin-Off by stockholders who hold a majority of the Company's outstanding Common Stock.

YOUR VOTE IS EXTREMELY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES THAT YOU OWN. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING VIA LIVE WEBCAST, WE ASK THAT YOU PROMPTLY SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD OR VOTING INSTRUCTION CARD IN THE ENVELOPE PROVIDED, OR SUBMIT YOUR PROXY BY TELEPHONE OR OVER THE INTERNET (IF THOSE OPTIONS ARE AVAILABLE TO YOU) IN ACCORDANCE WITH THE INSTRUCTIONS ON THE ENCLOSED PROXY CARD OR VOTING INSTRUCTION CARD.

This Proxy Statement and the accompanying Notice of Meeting and proxy card are first being mailed to stockholders on or about May 11, 2022.

This Proxy Statement is furnished by the Board of Directors (the “Board”) of The LGL Group, Inc. (the “Company,” “we,” “our,” or “us”) in connection with the solicitation of proxies for use at the Special Meeting of Stockholders (the “Special Meeting”) to be held on Tuesday, June 21, 2022, at 9:00 a.m. EDST, as a virtual meeting conducted exclusively via live webcast at www.virtualshareholdermeeting.com/LGL2022SM, and any adjournments or postponements thereof. This Proxy Statement along with either a proxy card or a voting instruction card are being mailed to stockholders beginning on or about May 11, 2022.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE SPIN-OFF AND THE SPECIAL MEETING

What are the stockholders being asked to approve at the Special Meeting?

At the Special Meeting, stockholders of the Company will be asked to approve the spin-off (the “Spin-Off”) of (the “Spin-Off”) of M-tron Industries, Inc., a Delaware corporation (“Mtron”), as described in further detail below and elsewhere herein and in the Information Statement attached as Appendix A.

What is the Spin-Off?

The Spin-Off is the transaction by which the Company will accomplish the separation of the business, activities and investments of the Company into two separate, publicly-traded companies: (1) the Company, which will continue to own and operate Precise Time and Frequency, LLC (“PTF”) and hold cash and other investments and (2) Mtron, which includes the operations of Piezo Technology, Inc. (“PTI”) and M-tron Asia, LLC (“MTA”).

Pursuant to the Spin-Off, Mtron, which is currently a wholly-owned subsidiary of the Company, will become a separate, public company and continue to hold and operate PTI and MTA. Following the Spin-Off, the Company will continue as a separate, public company and its business and activities will consist of those relating to its indirect ownership of PTF, cash and other investments.

The Spin-Off will be effected through a pro rata distribution of shares of Mtron’s common stock to the Company’s stockholders. The shares of Mtron distributed to you will be in addition to the shares you hold in the Company. As a stockholder of the Company, you will receive one share of Mtron’s common stock for each share of the Company’s Common Stock held of record by you as of the close of business on the record date for the distribution. As a result, subject to any trading of shares between the record date for the Spin-Off and the effective date of the Spin-Off with an entitlement to the shares of Mtron’s common stock to be issued in connection with the Spin-Off, the Company’s stockholders as of the record date for the Spin-Off will become the stockholders of Mtron after the Spin-Off. The Company will cease to have any ownership interest in Mtron following the Spin-Off.

Your receipt of shares of Mtron’s common stock in connection with the Spin-Off is intended to be tax-free for U.S. federal income tax purposes. See the Information Statement, including the section thereof entitled “The Spin-Off — Material U.S. Federal Income Tax Consequences of the Spin-Off” for additional information regarding the material U.S. federal income tax consequences of the Spin-Off to you as a stockholder of the Company.

The Spin-Off will not impact your ownership of the Company’s Common Stock, and, accordingly, your proportionate ownership and voting interest in the Company will not change as a result of the Spin-Off. The Company’s stockholders are not entitled to appraisal rights in connection with the Spin-Off.

Completion of the Spin-Off is subject to a number of conditions, including the approval of the Spin-Off by stockholders who hold a majority of the Company’s outstanding Common Stock.

The Spin-Off and related matters are more fully described in this Proxy Statement, including the Information Statement that is attached as Appendix A to this Proxy Statement (the “Information Statement”) and is incorporated by reference herein. Prior to making a voting decision, you are urged to read in their entirety this Proxy Statement, the Information Statement, Mtron’s Registration Statement on Form 10 of which the Information Statement forms a part, and the exhibits to and other information incorporated by reference into each such document, as well as any and all amendments thereto. See “Additional Information” and “Incorporation of Certain Documents by Reference.”

The Information Statement may be subsequently amended and will be filed as an exhibit to Mtron's Registration Statement on Form 10, and any such further amendments will be incorporated by reference into this Proxy Statement.

Notwithstanding the foregoing, if the Spin-Off is approved by the Company's stockholders, then, following such approval, the Company may not, without the approval of its stockholders, change the terms of the Spin-Off in a manner that would be reasonably likely to have a material adverse impact on the Company's stockholders or Mtron, or be reasonably likely to cause a stockholder who voted in favor of the Spin-Off to change its vote. However, the Board may, in its sole and absolute discretion, withdraw its authorization and approval of the Spin-Off and cause the Company to abandon the Spin-Off at any time prior to its consummation notwithstanding any prior approval of the Spin-Off by the Company's stockholders.

For a discussion of risks related to the Spin-Off and the material U.S. federal income tax consequences of the Spin-Off, please read the sections of the Information Statement entitled "Risk Factors" and "The Spin-Off — Material U.S. Federal Income Tax Consequences of the Spin-Off" and the section of this Proxy Statement entitled "Proposal No. 1 — The Spin-Off — Additional Considerations and Information Regarding the Spin-Off and Mtron."

Who is entitled to vote at the Special Meeting?

Record holders of the Company's Common Stock as of the close of business on May 6, 2022 (the "Record Date") may vote at the Special Meeting. As of the close of business on the Record Date, 5,360,470 shares of the Company's Common Stock were outstanding and, thus, will be eligible to vote at the Special Meeting.

What are the voting rights of the holders of Common Stock?

Holders of the Company's Common Stock will vote as one class on each of the Spin-Off. Holders of the Company's Common Stock are entitled to one vote per share on each matter presented to a vote of stockholders.

What constitutes a quorum?

The presence at the Special Meeting, in person or by proxy, of the holders of shares representing a majority of the aggregate voting power (as described above) of the Company's Common Stock outstanding as of the close of business on the Record Date will constitute a quorum.

What is the difference between a stockholder of record and a "street name" holder?

If your shares are registered directly in your name with Computershare, the Company's stock transfer agent, you are considered the stockholder of record with respect to those shares. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of the shares but not the stockholder of record, and your shares are held in "street name."

How do I vote my shares?

If you are a stockholder of record, you can give a proxy to be voted at the Special Meeting by mailing the enclosed proxy card or by transmitting your voting instructions by telephone or internet as described on the enclosed proxy card. You may also vote your shares at the Special Meeting by completing a ballot at the Special Meeting.

If you hold your shares in "street name," you must vote your shares in the manner prescribed by your broker, bank or other nominee. Your broker, bank or other nominee has enclosed or provided a voting card for you to use in providing your voting instructions.

Can I vote my shares in person at the Special Meeting?

If you are a stockholder of record, you may vote your shares in person at the Special Meeting by completing a ballot at the Special Meeting. However, if you are a "street name" holder, you may vote your shares in person at the

Special Meeting only if you obtain a signed proxy from your broker, bank or other nominee giving you the right to vote the shares.

Even if you currently plan to attend the Special Meeting, the Company recommends that you also submit your vote by proxy or by providing your voting instructions to your broker, bank or other nominee as described above so that your vote will be counted if you later decide not to attend the Special Meeting.

What are my choices when voting?

You may vote for or against, or abstain from voting on, the proposal relating to the Spin-Off.

What are the Board's voting recommendations?

The Board of Directors recommends that you vote your shares **FOR** the approval of the Spin-Off.

What if I do not specify on my proxy card how I want my shares voted?

If you execute and mail in your proxy card but do not specify on your proxy card how you want to vote your shares, your shares will be voted **FOR** the approval of the Spin-Off.

Can I change my vote or revoke my proxy?

Yes. You can change your vote or revoke your proxy at any time before your proxy is voted at the Special Meeting. If you are the record owner of your shares, you can revoke your proxy by sending a signed written notice to the Company's Secretary stating that you would like to revoke your proxy. Record holders can change their vote by submitting a new valid proxy bearing a later date, transmitting new voting instructions by telephone or internet, or by attending the Special Meeting and voting in person. However, attendance at the Special Meeting will not, in and of itself, constitute revocation of a previously executed proxy.

If you are not the record owner of your shares and your shares are held in "street name," you must contact your broker, bank or other nominee to find out how to change your vote.

What vote is required for a proposal to be approved?

Stockholder approval of the Spin-Off requires the affirmative vote of stockholders who hold a majority of the Company's outstanding shares of Common Stock. Failures to vote and abstentions will effectively count as votes against the Spin-Off and the Name Change.

As of the Record Date, the Company's officers and directors, who collectively are entitled to vote shares representing approximately 19.2% of the Company's outstanding Common Stock, have indicated an intention to vote in favor of approval of the Spin-Off.

In addition to stockholder approval, completion of the Spin-Off is subject to a number of other conditions described herein and in the Information Statement. Notwithstanding any approval of the Spin-Off by the Company's stockholders, the Board may, in its sole and absolute discretion, withdraw its authorization and approval of the Spin-Off and cause the Company to abandon the Spin-Off at any time prior to its consummation.

If my shares are held in street name, will my broker, bank or other nominee vote my shares for me?

No. If you hold your shares in "street name" through a broker, bank or other nominee, whether your broker, bank or other nominee may vote your shares in its discretion depends on the proposals being considered at the applicable meeting of stockholders. The Company's Common Stock is listed for trading on the NYSE American. Under the rules of the NYSE American, if you do not provide your broker, bank or other nominee with voting instructions with respect to your shares, your broker, bank or other nominee may vote your shares in its discretion only on "routine matters." The proposal related to the Spin-Off is not a "routine matter" under the rules of the NYSE American.

Accordingly, your broker, bank or other nominee will not have discretion to vote your shares at the Special Meeting if you do not provide voting instructions.

What are broker non-votes?

When a broker, bank or other nominee has discretion to vote on one or more proposals at a meeting, or a "routine matter," but does not have discretion to vote on other matters at the meeting, or "non-routine matters," the broker, bank or other nominee will inform the inspector of election that it does not have the authority to vote on the "non-routine matters" with respect to shares held for beneficial owners which did not provide voting instructions with respect to the "non-routine matters." This is generally referred to as a "broker non-vote." Because brokers, banks and other nominees will not have discretion to vote on any items of business at the Special Meeting if they have not received voting instructions from their clients, there will not be broker non-votes on any proposal at the Special Meeting.

Are there any other matters to be acted upon at the Special Meeting?

No. Other than the proposal to approve the Spin-Off, no other matters will be presented or acted upon at the Special Meeting.

PROPOSAL NO. 1 — THE SPIN-OFF

General; Background

The Board of Directors regularly reviews the Company's businesses and investments with a view towards utilizing the Company's resources in a manner that it believes to be in the best interests of the Company and its stockholders. As part of this process, the Board from time to time evaluates certain distinct alternatives, including potential acquisitions, dispositions, business combinations and separations, with an objective of long-term growth as measured by increases in book value and intrinsic value over time.

Based on its review, analyses and discussions, the Board has determined that the separation of the Company's Mtron subsidiary into a separate, public company is in the best interests of the Company and its stockholders. Accordingly, the Board has approved actions to implement the Spin-Off in order to accomplish such separation of the Company's businesses and investments.

Separation of Businesses

Pursuant to the Spin-Off, Mtron, which is currently a wholly-owned subsidiary of the Company, will continue as a separate, public company and its business and activities will consist of those relating to its indirect ownership of PTF, cash and other investments and its Common Stock will continue trading on the NYSE American. PTF provides frequency reference and time standard synchronization solutions through a comprehensive portfolio of time and frequency instrumentation including frequency standards, time standards, and time code generators, complemented by a wide range of ancillary products such as RF distribution amplifiers, Digital distribution amplifiers, Time Code distribution amplifiers, and redundancy switches.

Following the Spin-Off, Mtron, as a separate public company, will continue to hold and operate PTI and MTA. It is expected that Mtron's common stock will be listed and traded on the NYSE American. Originally founded in 1965, Mtron designs, manufactures and markets highly-engineered, high reliability frequency and spectrum control products.

The Distribution

The Spin-Off will be effected through a pro rata distribution of shares of Mtron's common stock to the Company's stockholders. As a stockholder of the Company, you will receive one share of Mtron's common stock for each share of the Company's Common Stock held of record by you as of the close of business on the record date for the distribution. As a result, subject to any trading of shares between the record date for the Spin-Off and the effective date of the Spin-Off with an entitlement to the shares of Mtron's common stock to be issued in connection with the Spin-Off, the Company's stockholders as of the record date for the Spin-Off will also become the stockholders of Mtron after the Spin-Off. The Company will cease to have any ownership interest in Mtron following the Spin-Off but the Company's stockholders will, unless they sell their shares, be the stockholders of both the Company and Mtron.

Tax Free Transaction

Your receipt of shares of Mtron's Common Stock in connection with the Spin-Off is intended to be tax-free for U.S. federal income tax purposes. See the Information Statement, including the section thereof entitled "The Spin-Off — Material U.S. Federal Income Tax Consequences of the Spin-Off" for additional information regarding the material U.S. federal income tax consequences of the Spin-Off to you as a stockholder of the Company.

No Impact on Holdings of the Company's Common Stock

The Spin-Off will not impact your holdings of the Company's Common Stock, and, accordingly, your proportionate ownership and voting interest in the Company will not change as a result of the Spin-Off.

Adjustment to Outstanding Warrants

The Board previously declared a dividend of warrants to purchase shares of the Company's Common Stock to holders of record as of November 9, 2020, the record date set by the Board for the dividend. A total of 5,258,320 warrants were issued and when exercisable, five warrants will entitle their holder to purchase one share of the Company's Common Stock, or 1,051,664 shares in total, at an exercise price of $12.50 per share. The exercise price of the warrants will be adjusted as a result of the Spin-Off and determined ten trading days after the spin-off based upon a formula included in the warrant agreement, as described below.

The exercise price will be adjusted based on the following formula:

EP1 = EP0 x MP0 / (FMV0 + MP0)

where,

EP0 = the exercise price in effect at the close of business on the record date for the Spin-Off

EP1 = the exercise price in effect immediately after the record date for the Spin-Off

FMV0 = the average of the specified volume-weighted average price, or VWAP, of Mtron's common stock over the 10 consecutive trading days commencing on and including the third trading day after the date on which "ex-distribution trading" commences for such distribution on the NYSE American

MP0 = the average of the VWAP per share of the Company's Common Stock over the 10 consecutive Trading Days commencing on and including the third Trading Day after the date on which "ex-distribution trading" commences for such distribution on the NYSE American

The adjustment of the exercise Price will be made immediately after the open of business on the day after the last day of the valuation period, but will be given effect as of the open of business on the business day immediately following the record date for the Spin-Off.

Required Vote; Conditions; Potential Abandonment

Completion of the Spin-Off is subject to a number of conditions, including, without limitation, the approval of the Spin-Off by stockholders who hold a majority of the Company outstanding shares of Common Stock.

Notwithstanding any approval of the Spin-Off by the Company's stockholders, the Company's Board of Directors may, in its sole and absolute discretion, withdraw its authorization and approval of the Spin-Off and cause the Company to abandon the Spin-Off at any time prior to its consummation.

Management

General

It is expected that following the Spin-Off, the Company's executive officers will be Marc J. Gabelli, as Chief Executive Officer of the Company, Ivan Arteaga, who will serve as Chief Financial Officer of the Company, and James W. Tivy, who will serve as Chief Accounting Officer of the Company.

It is currently anticipated that two members of the Board of Directors of the Company will, in connection with the Spin-Off, resign as directors of the Company and will be appointed to serve as directors of Mtron. Following the Spin-Off, it is anticipated that the Company's Board will consist of the directors identified below, two of whom are anticipated to also serve on Mtron's board of directors.

While the Company's directors currently receive an annual cash fees and stock awards for their service on the Company's Board, as it is anticipated that those who will also serve on the Mtron's board of directors will receive fees for doing so as determined by the compensation committee of Mtron's board.

Expected Executive Officers and Directors of the Company following the Spin-Off

The following table lists the names of the individuals expected to serve as the Company's executive officers and directors following the Spin-Off.

Name	Position
Marc J. Gabelli	Chairman of the Board and Chief Executive Officer
Ivan Arteaga	Director and Chief Financial Officer
James W. Tivy	Chief Accounting Officer
Timothy J. Foufas	Director
Manjit Kalha	Director
Donald H. Hunter	Director
Michael J. Ferrantino	Director

The following additional information is provided for each of the above-named individuals, including, with respect to each director, the specific experience, qualifications, attributes and/or skills of the director which, in the opinion of the Company's Board of Directors, qualifies him to serve as a director and are likely to enhance the Board of Directors' ability to manage and direct the Company's business and affairs. Under the Company's Bylaws, each director serves for a term expiring at the Company's next annual meeting of stockholders. Executive officers serve until they resign or are replaced or removed by the Board of Directors. There is no family relationship between any of the directors or executive officers, and there is no arrangement or understanding between any director or executive officer and any other person pursuant to which the director or executive officer was selected.

Name	Age	Director Since	Offices and Positions Held With the Company, Business Experience and Principal Occupation for the Last Five Years, and Directorships in Public Corporations and Investment Companies
Marc J. Gabelli	54	2004	Mr. Gabelli's biographical information can be found under the section for Executive Officers, below.
Timothy J. Foufas	53	2007	Mr. Foufas serves as Managing Partner, Plato Foufas & Co. LLC (2005 to present), a financial services company. He previously served as Vice President and Chief Operating Officer, LGL Systems Acquisition Corp. (NYSE: DFNS) from September 2019 to August 2021; Chief Executive Officer of LGL Systems Acquisition Corp. from inception to September 2019; President, Levalon Properties LLC (2007 to 2018), a real estate property management company; Senior Vice President, Bayshore Management Co. LLC (2005 to 2006), a real estate property management company; Director of Investments, Liam Ventures Inc. (2000 to 2005), a private equity investment firm; and Director, ICTC Group, Inc. (2010 to 2013), a rural local exchange carrier headquartered in Nome, ND. Mr. Foufas brings to the Board his management skills and expertise in financial, investment and real estate matters.
Manjit Kalha	46	2011	Mr. Kalha has served as an Executive Vice President (Finance) at PMV Consumer Acquisition Corp. (NYSE: PMVC) (September 2020 to present); Managing Partner, Horizon Research (August 2012 to present), a firm that provides investment management and research services; Chief Executive Officer, Horizon AMC (June 2008 to present), a firm that provides investment management and consulting services; and Chief Executive Officer and Director, Jeet Associates Private Limited (December 2006 to present), a consulting firm based in New Delhi that provides business strategy, finance, and taxation advisory services. Mr. Kalha began his career at Arthur Andersen's New Delhi office. Mr. Kalha brings to the Board his experience in management and manufacturing operations, and an extensive knowledge of global financial markets.

Name	Age	Director Since	Offices and Positions Held With the Company, Business Experience and Principal Occupation for the Last Five Years, and Directorships in Public Corporations and Investment Companies
Donald H. Hunter	65	2013	Mr. Hunter is the Principal, Donald Hunter LLC (April 2007 to present), a consulting practice based in Wellesley, MA; and the Chairman of the Board and a member of the Audit Committee and Compensation Committees of Greenlane Holdings, Inc. (NASDAQ: GNLN), a global house of brands and one of the largest sellers of premium cannabis accessories (August 2021 to present). He previously served as Chief Operating Officer and Chief Financial Officer for Harbor Global Company Limited (October 2000 to December 2006), a public company that owned and operated international investment management and natural resources subsidiaries; Chief Operating Officer, Pioneer Global Investments, a Division of the Pioneer Group, Inc. (August 1998 to October 2000), a company that provided investment management services and owned several natural resources investments; and Manager of International Finance, the Pioneer Group, Inc. (January 1991 to August 1998), with financial responsibility for international strategic start-ups. Mr. Hunter served as a director and Chairman of the Audit Committee of KushCo Holdings, Inc. (OTCQX: KSHB), a packaging and supply company serving the regulated cannabis industry (February 2018 to August 2021); director of Juniper Pharmaceuticals, Inc. (February 2014 to March 2016), a specialty pharmaceuticals company (NASDAQ: JNP), where he served as Chairman of the Audit Committee; LICT Corporation (June 2014 to May 2015), an integrated provider of broadband and voice services (OTC PK: LICT); and the Pioneer First Polish Trust Fund, where he served as Audit Committee Chairman for the first mutual fund in Poland. Mr. Hunter brings to the Board financial, operating, governance, international and mergers and acquisition experience.
Ivan Arteaga	53	2019	Mr. Arteaga's biographical information can be found under the section for Executive Officers, below.
Michael J. Ferrantino	50	2019	Mr. Ferrantino currently holds the position of President and Chief Executive Officer for The LGL Group, Inc. (April 2021 to present) and also holds the position of Chief Executive Officer for Interex, Inc. and is on the board of Gabelli Equity Trust, Inc. and Gabelli Utility Trust. Mr. Ferrantino formerly served as a Director of LGL Systems Acquisition Corp. from September 2019 to August 2021 (NYSE: DFNS) and was Chief Executive Officer & Director at Valpey-Fisher Corp. Mr. Ferrantino received an undergraduate degree from Rensselaer Polytechnic Institute and an MBA from Loyola University Maryland. Mr. Ferrantino brings to the Board his experience in management and manufacturing operations, and an extensive knowledge of global financial markets.

Director Independence

Messrs. Hunter, Foufas, and Kalha are each believed to be independent under the listing standards of the NYSE and are expected to constitute 50% of the Company's Board of Directors following the Spin-Off.

Executive Officers

The following table sets forth information regarding our executive officers, including their business experience for the past five years and prior years.

Name	Age	Offices and Positions Held With the Company, Business Experience and Principal Occupation for the Last Five Years
Marc J. Gabelli	54	Mr. Gabelli currently serves as Non-Executive Chairman of the Board, The LGL Group, Inc. (December 2017 to present, and September 2004 to April 2016); Managing Partner, Horizon Research (January 2013 to present), an investment management and research services provider; Chief Executive Officer, Gabelli Securities International Ltd. (1994 to present), a global alternative asset management platform and merchant advisor; President and Managing Partner, GGCP, Inc. (1999 to present), a private corporation that makes investments for its own account; Managing Member, Commonwealth Management Partners LLC (2008 to present); and Director and Managing Partner, GAMA Funds Holdings GmbH (2009 to present). He formerly served as Chairman and Chief Executive Officer, LGL Systems Acquisition Corp. (NYSE: DFNS) from September 2019 to August 2021 and was also a Director from its inception in early 2019 to August 2021; Chairman of Gabelli Merger Plus Trust since July 2017; Director of GAMCO Investors, Inc. from November 2014 to May 2016; and Director and President of Associated Capital Group (October 2015 to May 2016); Mr. Gabelli brings to the Board his extensive knowledge of the Company's business and industry due to his longstanding service on the Board, as well as his financial expertise and leadership experience as an executive of various investment firms.
Ivan Arteaga	53	Mr. Arteaga is the Managing Member and Chief Investment Officer of Arteaga Capital Management, LLC (2006 to present), an investment manager to alternative global investment funds and provider of equity research services; Portfolio Manager of Arteaga Global Partners, LP (2007 to present), a global equity investment partnership; Managing Member of Arteaga Investment Management Group, LLC (2008 to present), a registered investment advisor; Director of Brick Skirt Holdings, Inc. (2014 to present), an owner of rural local exchange carrier DFT Communications. Formerly, he was Interim Chief Executive Officer of The LGL Group, Inc. (January 2020 to March 2021); Portfolio Manager at GAMCO Investors, Inc. (1994 to 2006); Vice President of Equity Research, Gabelli & Company, Inc., a provider of institutional research and brokerage services (1992 to 2002); and Senior Associate at KPMG Inc., a global CPA, audit and consulting firm. Mr. Arteaga brings to the Board his extensive financial and investment experience, his knowledge of global financial markets, and his knowledge and experience as an analyst and investor in the communications and satellite industry.
James W. Tivy	54	Chief Financial Officer, The LGL Group, Inc. (January 2018 to present); SVP, Finance for INTL FCStone Securities Inc. (November 2012 to January 2017); Group Controller, INTL FCStone Inc. (January 2008 to November 2012). Mr. Tivy is a Certified Public Accountant, and earned his BSAc from the Fisher School of Accounting at the University of Florida, with honors.

Expected Board Committees

It is expected that, in connection with the Spin-Off and the reconstitution of the Company's Board of Directors described above, the committees of the Board will also be reconstituted as set forth below.

The Company's Audit Committee is currently expected to be comprised of Donald H. Hunter, Chairman, Timothy J. Foufas, and Manjit Kalha, each of whom has been determined to be "financially literate" and "independent" within the meaning of applicable SEC rules and regulations and the listing standards of the NYSE American, including the additional independence requirements applicable to audit committee members under the listing standards of the

NYSE American. Mr. Hunter is qualified as an "audit committee financial expert," as defined under Item 407 of Regulation S-K promulgated by the SEC.

The Company's Compensation Committee is currently expected to be comprised of Timothy J. Foufas, Chairman, Manjit Kalha and Donald H. Hunter, each of whom has been determined to be "independent" under the listing standards of the NYSE, including the additional independence requirements applicable to compensation committee members thereunder.

The Company's Nominating/Corporate Governance Committee is currently expected to be comprised of Manjit Kalha, Chairman, Donald H. Hunter and Timothy J. Foufas, each of whom has been determined to be "independent" under the listing standards of the NYSE American.

Expected Executive Officers and Directors of Mtron following the Spin-Off

It is anticipated that two members of the Company's Board of Directors (Bel Lazar, and John S. Mega) will resign as directors of the Company and be appointed as directors of Mtron upon consummation of the Spin-Off.

See the "Management" section of the Information Statement for information regarding the individuals expected to serve as Mtron's executive officers and directors following the Spin-Off.

Executive Compensation

See the "Executive Compensation" section of the Information Statement for information regarding the Company's historical executive compensation policies and practices and compensation of the Company's Named Executive Officers (as defined in Item 402 of Regulation S-K promulgated by the SEC under the Exchange Act) for 2021 and 2020. While there is no assurance that this will be the case and compensation determinations will be made by the Compensation Committee, the Company currently anticipates that its executive officers, each of whom also is or is expected to be an executive officer of Mtron, will receive substantially all of their compensation from Mtron and that the Company's annual executive compensation will be reduced.

Risk Factors

The Spin-Off involves a number of risks and uncertainties which you should consider prior to making a voting decision, including those relating to the U.S. federal income tax consequences of the Spin-Off. You are encouraged to read carefully this entire Proxy Statement, including all of the appendices hereto, as well as the documents incorporated herein by reference prior to making a voting decision. For a discussion of risks related to the Spin-Off and the material U.S. federal income tax consequences of the Spin-Off, please read the sections of the Information Statement entitled "Risk Factors" and "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off." See also "Additional Considerations and Information Regarding the Spin-Off and Mtron" below.

No Appraisal Rights

The Company's stockholders are not entitled to appraisal rights in connection with the Spin-Off.

Additional Considerations and Information Regarding the Spin-Off and Mtron

As a result of the Spin-Off, the Company will retain and operate its PTF subsidiary, which contributed $1,446,000, or 5.1%, and $1,182,000, or 3.8%, of its total revenues, during the years ended December 31, 2021 and 2020, respectively. Further, in connection with the Spin-Off, the Company will retain approximately $27.3 million of cash and cash equivalents and marketable securities with a current value of approximately $16.2 million upon consummation of the Spin-Off. While the Company believes that it will have sufficient cash and cash equivalents to fund its operations following the Spin-Off, it will be dependent on the results of operations of PTF and the cash requirements of its business. The Company may also in the future seek additional funds from third party sources, including traditional bank financing, secured or unsecured indebtedness, or the issuance of equity and/or debt securities. However, these alternatives may not be available to the Company on attractive terms, in the amounts needed, or at all.

See also “Unaudited Pro Forma Consolidated Financial Information for the Company” below.

Stockholders should review the Preliminary Information Statement attached as Appendix A to this Proxy Statement for additional information regarding the Spin-Off and Mtron, including certain risk factors to be considered in connection with the Spin-Off, the material U.S. federal income tax consequences of the Spin-Off, the reasons for the Spin-Off, the agreements entered into between the Company and Mtron to effect the Spin-Off and to govern their relationship following the Spin-Off, financial information of Mtron and other additional information relating to Mtron and its businesses, investments and management, and a description of Mtron’s common stock and other authorized capital stock. The Preliminary Information Statement is incorporated by reference herein in its entirety. The Information Statement may be subsequently amended, and any such amendments will be filed as an exhibit to Mtron’s Registration Statement on Form 10. Notwithstanding the foregoing, if the Spin-Off is approved by the Company’s stockholders, then, following such approval, the Company may not, without the approval of its stockholders, change the terms of the Spin-Off in a manner that would be reasonably likely to have a material adverse impact on the Company’s stockholders or be reasonably likely to cause a stockholder who voted in favor of the Spin-Off to change its vote.

THE COMPANY’S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE “FOR” THE SPIN-OFF.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE COMPANY

The unaudited pro forma consolidated financial statements set forth below have been derived from Company's historical annual financial statements, including its audited balance sheet as of December 31, 2021 and its audited statement of operations for the year ended December 31, 2021, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC and incorporated herein by reference.

The unaudited pro forma consolidated financial statements give effect to the Spin-Off Adjustments as well as the following Transaction Adjustments:

- An expected dividend of approximately $3.1 million from Mtron, to retire LGL's intercompany balance, with the remaining balance to be settled in cash, leaving Mtron with exactly $1.5 million in cash upon Spin-off. The dividend amount will be adjusted at to reflect changes in cash balances through the distribution date and leave Mtron with exactly $1.5 million in cash.

In management's opinion, the unaudited pro forma consolidated financial statements reflect adjustments necessary to present fairly the Company's pro forma results and financial position as of and for the periods indicated. The Spin-Off Adjustments and Transaction Adjustments reflected in the unaudited pro forma consolidated financial statements are based on currently available information and assumptions management believes are, under the circumstances and given the information available at this time, reasonable, and directly attributable to Mtron's separation from the Company.

The unaudited pro forma consolidated financial statements are for illustrative and informational purposes only and are not intended to represent what the Company's results of operations or financial position would have been had the Spin-Off and related transactions occurred on the dates assumed. The unaudited pro forma consolidated financial statements also should not be considered indicative of the Company's future results of operations or financial position following the Spin-Off.

The Company currently provides many corporate functions on Mtron's behalf, including executive services, tax, accounting, public and investor relations, general management, and has shared information technology systems, corporate governance activities, and centrally managed employee benefit arrangements. In addition to the adjustments described above, the Transaction Adjustments in the unaudited pro forma consolidated financial statements includes an allocation to Mtron of these expenses incurred by Company. The expense allocation is based on the allocation methodology used to prepare the carve-out financial statements of Mtron included in the Information Statement and is considered to be a reasonable estimate of the costs of services provided to Mtron by the Company during the periods presented. However, the allocation may not reflect the Company's actual expenses following the Spin-Off or the actual costs to be incurred by Mtron following the Spin-Off, which may be impacted by multiple factors, including the organizational structure and strategic direction of these companies in the future.

Costs related to the Spin-Off prior to its completion have been and will be borne by the Company. Accordingly, these costs are reflected in the Company's pro forma statement of operations below.

The unaudited pro forma consolidated financial statements should be read in conjunction with the Company's historical financial statements, accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 which has been filed with the SEC and is incorporated herein by reference. See "Additional Information" and "Incorporation of Certain Documents by Reference."

THE LGL GROUP, INC.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
As of December 31, 2021
(Dollars in Thousands, Except Share and Par Value Amounts)

	Historical	Pro Forma Adjustments	Pro Forma
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 29,016	$ (1,500)	$ 27,516
Marketable securities	16,167	—	16,167
Accounts receivable, net of allowance of $77	4,667	(3,995)	672
Inventories, net	5,492	(5,221)	271
Prepaid expenses and other current assets	494	(242)	252
Total Current Assets	55,836	(10,958)	44,878
Property, Plant and Equipment			
Land	536	(536)	—
Buildings and improvements	4,869	(4,869)	—
Machinery and equipment	18,815	(18,176)	639
Gross property, plant and equipment	24,220	(23,581)	639
Less: accumulated depreciation	(20,837)	20,199	(638)
Net property, plant and equipment	3,383	(3,382)	1
Right-of-use lease asset	396	(218)	178
Due from related party	—	—	—
Intangible assets, net	252	(152)	100
Deferred income tax asset	34	(833)	(799)
Other assets	5	(5)	—
Total Assets	$ 59,906	$ (15,548)	$ 44,358
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable	$ 1,455	$ (1,396)	$ 59
Accrued compensation and commissions expense	1,549	(1,213)	336
Income taxes payable	599	—	599
Other accrued expenses and liabilities	823	(403)	420
Total Current Liabilities	4,426	(3,012)	1,414
Loan payable to affiliate	—	—	—
Deferred income tax liability	124	—	124
Other liabilities	613	(145)	468
Total Liabilities	5,163	(3,157)	2,006
Contingencies (Note O)			
Stockholders' Equity			
Common stock, $0.01 par value - 25,000,000 common shares and 5,000,000 preferred shares authorized as of December 31, 2021; 5,308,973 common shares issued and outstanding at December 31, 2021	53	—	53
Additional paid-in capital	45,817	—	45,817
Retained earnings (accumulated deficit)	9,453	(12,391)	(2,938)
Treasury stock, 81,584 shares held in treasury at cost at December 31, 2021	(580)	—	(580)
Total Stockholders' Equity	54,743	(12,391)	42,352
Total Liabilities and Stockholders' Equity	$ 59,906	$ (15,548)	$ 44,358

THE LGL GROUP, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2021
(Dollars in Thousands, Except Per Share Amounts)

	Historical	Pro Forma Adjustments	Pro Forma
REVENUES	$ 28,140	$ (26,694)	$ 1,446
Costs and expenses:			
Manufacturing cost of sales	18,069	(17,358)	711
Engineering, selling and administrative	10,857	(7,222)	3,635
OPERATING (LOSS) INCOME	(786)	(2,114)	(2,900)
Other income (expense):			
Interest expense, net	(11)	12	1
Gain (loss) on equity investment in unconsolidated subsidiary	59,453	—	59,453
Realized (loss) income on marketable securities	(16,962)	—	(16,962)
Unrealized (loss) gain on marketable securities	(22,949)	—	(22,949)
Other income (expense), net	11	(11)	—
Total other income (expense), net	19,542	1	19,543
INCOME BEFORE INCOME TAXES	18,756	(2,113)	16,643
Income tax provision	4,118	(531)	3,587
NET INCOME	$ 14,638	$ (1,582)	$ 13,056
Basic per share information:			
Weighted average number of shares used in basic earnings per share calculation	5,275,374	5,275,374	5,275,374
Basic net income per share	$ 2.77	$ (0.30)	$ 2.47
Diluted per share information:			
Weighted average number of shares used in diluted earnings per share calculation	5,334,087	5,334,087	5,334,087
Diluted net income per share	$ 2.74	$ (0.30)	$ 2.45

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the number of shares of our common stock beneficially owned on May 6, 2022, by:

- Each person who is known to us to beneficially own more than 5% of our common stock;
- Each of our directors and named executive officers; and
- All of our directors and executive officers, as a group.

The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power, which includes the power to vote or direct the voting of a security, or investment power, which includes the power to dispose of or to direct the disposition of a security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest. Except as otherwise indicated in the footnotes below, each of the beneficial owners listed has, to our knowledge, sole voting and investment power with respect to the indicated shares of common stock.

Except as otherwise set forth below, the address of each of the persons listed below is: The LGL Group, Inc., 2525 Shader Road, Orlando, Florida 32804.

	Common Stock Beneficially Owned (1)		
Name and Address of Beneficial Owner	**Shares**		**%**
5% Stockholders:			
Mario J. Gabelli	1,042,612	(2)	19.5
Directors and Named Executive Officers:			
Marc J. Gabelli	844,883	(3)	15.8
Michael J. Ferrantino	41,721	(4)	*
Timothy J. Foufas	38,542		*
Donald H. Hunter	26,515		*
Manjit Kalha	24,751		*
Ivan Arteaga	20,017	(5)	*
Linda M. Biles	16,353	(6)	*
Bel Lazar	7,142		*
John S. Mega	6,625		*
James W. Tivy	3,000		*
All executive officers and directors as a group (10 persons)	1,029,549	(7)	19.2

* Less than 1% of outstanding shares.

(1) The applicable percentage of ownership for each beneficial owner is based on 5,360,470 shares of common stock outstanding as of May 6, 2022. Shares of common stock issuable upon exercise of options, warrants or other rights beneficially owned that are exercisable within 60 days are deemed outstanding for the purpose of computing the percentage ownership of the person holding such securities and rights and all executive officers and directors as a group.

(2) Includes (i) 500,675 shares of common stock owned directly by Mario J. Gabelli; (ii) 476,937 shares owned by GGCP, Inc., of which Mario J. Gabelli is the chief executive officer, a director and controlling shareholder; (iii) 64,500 shares held by the Gabelli Foundation, Inc., and (iv) 500 shares owned by GAMCO Asset Management, Inc. Mario J. Gabelli disclaims beneficial ownership of the shares owned by GGCP, Inc., except to the extent of his pecuniary interest therein. Mario J. Gabelli's business address is 401 Theodore Fremd Avenue, Rye, New York 10580-1430. This disclosure is based solely on information in a Form 4 filed by Mario J. Gabelli with the SEC on November 18, 2020.

(3) Includes (i) 80,580 shares of common stock owned directly by Marc J. Gabelli; and (ii) 764,303 shares held by Venator Merchant Fund, L.P. ("Venator Fund"). Venator Global, LLC ("Venator Global"), which is the sole general partner of Venator Fund, may be deemed to beneficially own the securities owned by Venator Fund. Marc J. Gabelli, who is the President and Sole Member of Venator Global, may be deemed to beneficially own the securities owned by Venator Fund.

Marc J. Gabelli disclaims beneficial ownership of the securities owned by Venator Fund, except to the extent of his pecuniary interest therein.

(4) Includes 15,000 shares of unvested restricted stock.
(5) Includes 3,750 shares of unvested restricted stock.
(6) Includes 7,533 shares of unvested restricted stock.
(7) Includes 1,034,335 shares of common stock with 26,283 unvested restricted shares.

ADDITIONAL INFORMATION

The Company is subject to the informational requirements of the Exchange Act. Accordingly, the Company files quarterly, annual and current reports, proxy and information statements and other reports with the SEC. Copies of these reports and statements are available free of charge on the Company's website at www.lglgroup.com as soon as reasonably practicable after the reports are filed with the SEC. The reports and statements that the Company files with the SEC are also available on the SEC's website at www.sec.gov.

Information contained on, or connected to, the Company's website or any other website referenced herein does not, and will not, constitute part of this Proxy Statement.

Questions and requests for additional information about the Spin-Off should be directed to Computershare, the distribution agent for the Spin-Off. Stockholders may contact Computershare by calling (877) 868-8027 or by mail to Computershare, 211 Quality Circle, Suite 210, College Station, TX 77845, Attention: Customer Service.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows the Company to "incorporate by reference" information into this Proxy Statement. The information incorporated by reference is deemed to be part of this Proxy Statement. This Proxy Statement incorporates by reference the Preliminary Information Statement that is attached hereto as Appendix A. This Proxy Statement also incorporates by reference the Company's Annual Report on Form 10-K for the year ended December 31, 2021 that is attached hereto as Appendix B.

OTHER MATTERS

Except for the proposal related to the Spin-Off, no other matters may be brought before or considered at the Special Meeting.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries, such as brokers, to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially provides extra convenience for stockholders and cost savings for companies. The Company and some brokers household proxy materials, delivering a single proxy statement to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or Computershare, the Company's transfer agent, that they or the Company will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. However, the Company will deliver, or cause to be delivered, promptly upon written or oral request a separate copy of this Proxy Statement to a stockholder at a shared address to which a single Proxy Statement was delivered. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, or if you are receiving multiple proxy statements and would like to request delivery of a single proxy statement, please notify your broker if your shares are held in a brokerage account or Computershare if you are the record holder of your shares. You can notify Computershare by sending a written request to Computershare, 211 Quality Circle, Suite 210, College Station, TX 77845, Attention: Customer Service. You can also contact Computershare's Customer Service department at (877) 868-8027.

PROXY SOLICITATION COSTS

The Company will bear the expense of soliciting proxies and of reimbursing brokers, banks and other nominees for the out-of-pocket and clerical expenses of transmitting copies of the proxy materials to the beneficial owners of shares held of record by such persons. The Company does not currently intend to solicit proxies other than by use of the mail, but certain directors, officers and regular employees of the Company or its subsidiaries, without additional compensation, may solicit proxies personally or by telephone, fax, special letter or otherwise.

PRELIMINARY INFORMATION STATEMENT FILED BY M-TRON INDUSTRIES, INC. WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION ON MAY 11, 2022; TO BE AMENDED

PRELIMINARY AND SUBJECT TO COMPLETION

INFORMATION STATEMENT

M-tron Industries, Inc.

COMMON STOCK, PAR VALUE $0.01 PER SHARE

This information statement is being furnished by The LGL Group, Inc., a Delaware corporation (the "Company"), in connection with its spin-off (the "spin-off") of M-tron Industries, Inc., a Delaware corporation ("Mtron," "we," "us" and "our"). Mtron is currently a wholly-owned subsidiary of the Company but, as described below, will become a separate, publicly-traded company as a result of the spin-off. Mtron is an operating subsidiary engaged in the manufacture of electronic components and its business includes the operations of Piezo Technology, Inc., M-tron Asia, LLC and other related subsidiaries. It has design and manufacturing facilities in Orlando, Florida and Yankton, South Dakota.

The Company will continue as a separate, publicly-traded company following the spin-off, with its business consisting of the operation of its subsidiary, Precise Time and Frequency, LLC, a Delaware limited liability company and manufacturer of time and frequency instruments. It has a design and manufacturing facility in Wakefield, Massachusetts.

To effect the spin-off, the Company will distribute shares of common stock, par value $0.01 per share, of Mtron ("Mtron Common Stock") held by it on a pro rata basis to the Company's stockholders (the "distribution"). As a stockholder of the Company, you will receive one share of Mtron Common Stock for each share of the Company's common stock, par value $0.01 per share, held of record by you as of 5:00 P.M., Eastern time, on [•][•], 2022, the record date for the distribution (such date and time, the "record date"). As a result, the stockholders of the Company prior to the spin-off will become the stockholders of Mtron after the spin-off.

We expect that the distribution will occur on [•] [•], 2022 (the "distribution date"). Immediately after the distribution, Mtron will be a separate, publicly-traded company. The spin-off will not impact your holdings of the Company's common stock, and, accordingly, your proportionate interest in the Company will not change as a result of the spin-off. The distribution is intended to be tax-free for U.S. federal income tax purposes. See "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off."

The Board of Directors of the Company is seeking stockholder approval of the proposed spin-off in the contemplated manner. The Company intends to hold a special meeting of its stockholders (the "special meeting"), and the Company has distributed a separate proxy statement which contains information regarding the proposed spin-off and the special meeting. Completion of the spin-off is conditioned upon stockholder approval of the spin-off. You do not need to pay any consideration, exchange or surrender your existing shares of the Company's common stock or take any other action to receive your shares of Mtron Common Stock.

Prior to the spin-off, the Company will own all of the outstanding shares of Mtron Common Stock. Accordingly, there is no current trading market for Mtron Common Stock. We intend to list Mtron Common Stock on the NYSE American, under the symbol "MPTI". We expect that the Mtron Common Stock will be listed on the NYSE American on or promptly after the distribution date. However, there is no assurance that an active public market for Mtron Common Stock will develop or be sustained after the spin-off. If an active public market does not develop or is not sustained, it may be difficult for Mtron's stockholders to sell their shares of Mtron Common Stock at a price that is attractive to them, or at all. It is expected that a limited trading in the over-the-counter market, commonly known as a "when-issued" trading market, for shares of Mtron Common Stock will begin one trading day before the record date and that "regular way" trading of the Mtron Common Stock will begin the first day of trading after the distribution date.

The Company's common stock is listed on the NYSE American. It is anticipated that, beginning on the record date and continuing until the time of the distribution, there will be two markets in shares of the Company's common stock on the NYSE American: a "regular-way" market and an "ex-distribution" market. Shares of the Company's common Stock that trade on the "regular-way" market will trade with an entitlement to the shares of Mtron Common Stock to be distributed in the spin-off in respect thereof. Shares of the Company's common stock that trade on the "ex-distribution" market will trade without an entitlement to shares of Mtron Common Stock. Therefore, if a stockholder sells shares of the Company's common stock in the "regular-way" market on or prior to the time of the distribution, such stockholder will also be selling the right to receive the shares of Mtron Common Stock that such stockholder would have otherwise received in the spin-off in respect of the shares of the Company's common stock being sold. If a stockholder owns shares of the Company's common stock on the record date and sells those shares on the "ex-distribution" market on or prior to the time of the distribution, such stockholder will continue to be entitled to receive the shares of Mtron Common Stock which are distributed in the spin-off in respect of the shares of the Company's common stock being sold.

You are encouraged to consult with your broker, financial and/or tax advisors regarding the specific implications of selling your shares of the Company's common stock prior to or on the distribution date.

Mtron is an "emerging growth company" as defined under applicable U.S. federal securities laws and, as such, has provided more limited disclosures in this information statement than an issuer that would not so qualify and also intends to elect to comply with the reduced public company reporting requirements for emerging growth companies in its future filings for so long as it is permitted to do so. See "Summary—Implications of Being an Emerging Growth Company."

In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 14.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities.

The date of this information statement is [•] [•], 2022.

This information statement was first mailed to the Company's stockholders on or about May [•], 2022.

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SUMMARY

The following is a summary of material information discussed in this information statement. This summary may not contain all the details concerning the spin-off or other information that may be important to you. To better understand the spin-off and Mtron's business and financial position, you should carefully review this entire information statement. Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement, including the combined financial statements of Mtron, assumes the completion of all the transactions referred to in this information statement in connection with the spin-off. Unless the context otherwise requires, references in this information statement to "Mtron", "we", "us" and "our" and "our company" refer to M-tron Industries, Inc., a Delaware corporation. References in this information statement to "the Company" refer to The LGL Group, Inc., a Delaware corporation, and its consolidated subsidiaries (other than, after the spin-off, Mtron and its consolidated subsidiaries), unless the context otherwise requires.

References in this information statement to the historical assets, liabilities, products, businesses or activities of Mtron are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the businesses of Mtron as they have been conducted as part of the Company's organization.

You should not assume that the information contained in this information statement is accurate as of any date other than the date set forth on the cover. Changes to the information contained in this information statement may occur after that date, and we undertake no obligation to update the information, except as required by law.

This information statement describes our business, our relationship with the Company, and how this transaction affects the Company's stockholders, and provides other information to assist you in evaluating the benefits and risks of the spin-off and holding or disposing of the shares of Mtron Common Stock received in connection with the spin-off.

The Company

The Company is The LGL Group, Inc., a Delaware corporation. The Company was incorporated in 1928 under the laws of the State of Indiana and reincorporated under the laws of the State of Delaware in 2007, and is a diversified holding company with subsidiaries engaged in the design, manufacturing and marketing of highly-engineered, high reliability frequency and spectrum control products used to control the frequency or timing of signals in electronic circuits and in the design of high performance frequency and time reference standards that form the basis for timing and synchronization in various applications. The Company operates through its two principal subsidiaries, (1) M-tron Industries, Inc., which includes the operations of Piezo Technology, Inc., M-tron Asia, LLC and other subsidiaries (collectively, referred to herein as "Mtron"), which represents its electronic components segment, and (2) Precise Time and Frequency, LLC, a Delaware limited liability company, which represents its electronics instruments segment.

The Company is a publicly-traded company. Its common stock is listed on the NYSE American under the ticker symbol "LGL." The Company will own all of the shares of Mtron Common Stock issued and outstanding prior to the distribution. Immediately following the distribution, the Company will not own any shares of Mtron Common Stock. Instead, the stockholders of the Company prior to the spin-off will become the stockholders of Mtron after the spin-off.

Mtron

Originally founded in 1965, Mtron designs, manufactures and markets highly-engineered, high reliability frequency and spectrum control products.

These component-level devices are used extensively in electronic systems for applications in defense, aerospace, earth-orbiting satellites, down-hole drilling, medical devices, instrumentation, industrial devices and global positioning systems as well as in infrastructure equipment for the telecommunications and network equipment industries. As an engineering-centric company, Mtron provides close support to the customer throughout its products' entire life cycle, including product design, prototyping, production and subsequent product upgrades. This collaborative approach has resulted in the development of long-standing business relationships with its blue-chip customer base.

All of Mtron's production facilities are ISO 9001:2008 certified, ITAR registered and Restriction of Hazardous Substances ("RoHS") compliant. In addition, its U.S. production facilities in Orlando, Florida and Yankton, South Dakota are AS9100 Rev D and MIL-STD-790 certified.

Mtron also has design and manufacturing facilities in Orlando, Florida and Yankton, South Dakota.

The Spin-Off

On August 12, 2021, the Company announced that its Board of Directors had authorized its management to explore a potential spin-off of Mtron's business into a newly created and separately traded public Company. In connection with the contemplated spin-off, Mtron will enter into a number of agreements with the Company, including a Separation and Distribution Agreement, a Transitional Administrative and Management Services Agreement, and a Tax Indemnity and Sharing Agreement. These agreements will provide the terms and conditions of the separation of the Company's businesses between the Company and Mtron and will govern various ongoing arrangements between the Company and Mtron upon completion of the spin-off.

As described in further detail below, completion of the spin-off is subject to a number of conditions, including approval of the distribution and all related transactions by the Company's Board of Directors (and such approval not having been withdrawn) and approval by the Company's stockholders of the proposed spin-off, to permit the distribution in the manner contemplated herein. Subject to the satisfaction of the conditions to completion of the spin-off, we expect that the distribution will occur on [•] [•], 2022. Immediately after the distribution, Mtron will be a separate, publicly-traded company and the Company will not own any shares of Mtron Common Stock.

We intend to list Mtron Common Stock on the NYSE American under the symbol "MPTI". We expect that the Mtron Common Stock will be listed on the NYSE American on or promptly after the distribution date.

The distribution is intended to be tax-free for U.S. federal income tax purposes. See "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off."

Risk Factors

You should carefully read the section of this information statement entitled "Risk Factors" for an explanation of the risks and uncertainties associated with the business and investments of Mtron, as well as the risks and uncertainties related to the spin-off and to ownership of Mtron Common Stock.

Implications of Being an Emerging Growth Company

Mtron qualifies as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). As such, it may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies, including reduced financial disclosure and reduced disclosure about its executive compensation arrangements. In addition, as an emerging growth company, Mtron is exempt from the requirements to hold non-binding advisory votes on executive compensation and golden parachute payments, and from the auditor attestation requirement in the assessment of its internal control over financial reporting. Mtron is permitted to, and intends to, take advantage of these exemptions until it no longer qualifies for such exemptions. It will cease to be an emerging growth company upon the earliest of:

- the last day of the fiscal year in which it has $1.07 billion or more in annual revenues;
- the last day of the fiscal year following the fifth anniversary of the date of the first sale of common equity securities pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act");
- the date on which it has issued more than $1.0 billion in non-convertible debt securities during the previous three-year period; and
- the date on which it is deemed to be a "large accelerated filer" (which is the last day of the fiscal year during which the total market value of common equity securities held by non-affiliates is $700 million or more, calculated as of the end of the second quarter (June 30) of such fiscal year).

Mtron may choose to take advantage of some, but not all, of the exemptions available to it. Mtron has taken advantage of certain reduced reporting obligations in this information statement. Accordingly, the information contained herein may be different than the information you receive from other public companies.

In addition, Section 107 of the JOBS Act provides that an emerging growth company may take advantage of the extended transition period provided in Section 13(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Mtron has decided at this time to take advantage of the extended transition periods available under the JOBS Act for complying with new or revised accounting standards.

Corporate Information

M-tron Industries, Inc. is a Delaware corporation. Its principal executive offices are located at 2525 Shader Road, Orlando, Florida 32804. Its telephone number is (407) 298-2000. Its corporate website is www.mtronpti.com. Information contained on, or connected to, Mtron's website or the Company's website does not and will not constitute part of this information statement or the registration statement on Form 10, of which this information statement is a part.

QUESTIONS AND ANSWERS ABOUT THE SPIN-OFF

The following provides a summary of certain of the terms of the spin-off. For a more detailed description of the matters described below, see "The Spin-Off."

Q: What is the spin-off?

A: The spin-off is the method by which Mtron will separate from the Company. To complete the spin-off, the Company will distribute to its stockholders all of the shares of Mtron Common Stock. We refer to this as the "distribution." Following the spin-off, Mtron will be a separate company from the Company, and the Company will not retain any ownership interest in Mtron. The separation of Mtron from the Company and the distribution of Mtron Common Stock are intended to provide you with equity investments in two separate companies, each able to focus on its own respective business and distinct business strategy and capital allocation policy. The two separate companies will be (i) Mtron, which, as described in further detail below, is engaged in the manufacture of electronic components and its business includes the operations of Piezo Technology, Inc., M-tron Asia, LLC, and other subsidiaries of Mtron and (ii) the Company, which continues to own and operate its subsidiary, Precise Time and Frequency, LLC, a Delaware limited liability company and manufacturer of time and frequency instruments.

Q: What is Mtron?

A: Mtron is currently a wholly-owned subsidiary of the Company. Originally founded in 1965, Mtron designs, manufactures and markets highly-engineered, high reliability frequency and spectrum control products. These component-level devices are used extensively in electronic systems for applications in defense, aerospace, earth-orbiting satellites, down-hole drilling, medical devices, instrumentation, industrial devices and global positioning systems as well as in infrastructure equipment for the telecommunications and network equipment industries.

Q: What will I receive in the spin-off?

A: As a stockholder of the Company, in connection with the spin-off, you will receive one share of Mtron Common Stock for each share of the Company's common stock that you own as of the record date. See "Description of Capital Stock".

The spin-off will not impact your holdings of the Company's common stock and, accordingly, your proportionate interest in the Company will not change as a result of the spin-off.

In addition, holders of unvested restricted stock awards of the Company's common stock that are outstanding on the distribution date will retain such restricted stock awards and receive one restricted share of Mtron Common Stock for each share of the Company's common stock subject to such restricted stock awards held on the record date. The restricted shares of Mtron Common Stock will be subject to the same terms and conditions, including, without limitation, vesting conditions, as contained in the Company's restricted stock award agreement relating to the shares of the Company's common stock in respect of which the restricted shares of Mtron were received. As of May 6, 2022, a total of 26,283 shares of the Company's common stock are subject to outstanding restricted stock awards, all of which are held by the Company's executive officers or by the Company on behalf of the executive officers until vesting.

Q: What will be the voting rights of the Mtron stock I receive in the spin-off?

A: The shares of Mtron Common Stock that you will receive in the spin-off will have the same voting rights as the respective shares of the Company's common stock that you currently hold. As a general matter, holders of Mtron Common Stock will vote as one class on the election of directors and most other matters submitted to a vote of Mtron's stockholders. In addition, the holders of Mtron Common Stock will each be entitled to a separate class vote under limited circumstances provided by Delaware law. See "Description of Capital Stock" for additional information.

Q: What is the record date for the distribution?

A: The record date for the distribution will be 5:00 p.m. Eastern Time on [•] [•], 2022, which date and time we refer to as the "record date."

Q: When will the distribution occur?

A: We expect that shares of Mtron Common Stock will be distributed on or about [•] [•], 2022, which we refer to as the "distribution date." It is expected that the distribution agent, acting on behalf of the Company, may require up to one week after the distribution date to fully distribute the shares of Mtron Common Stock to the Company's stockholders.

Q: Is stockholder approval required for the spin-off?

A: Yes. Stockholder approval of the spin-off itself is required by Delaware law. It will involve a transfer of substantially all assets of the Company.

Q: What do stockholders need to do to participate in the distribution?

A: You do not need to take any action to receive your shares of Mtron Common Stock in the spin-off, but you are encouraged to read this entire information statement carefully. You will not be required make any payment to the Company for the new shares or to surrender any shares of the Company's common stock that you currently own in order to participate in the spin-off. However, your receipt of shares of Mtron Common Stock in connection with the spin-off is intended to be tax-free for U.S. federal income tax purposes.

Q: Will fractional shares be distributed in the spin-off?

A: Because the distribution ratio is one share of Mtron Common Stock for each share of the Company's common stock, no fractional shares will result from, or be distributed in, the spin-off.

Q: What are the U.S. federal income tax consequences of the distribution to the Company's stockholders?

A: The distribution is intended to be tax-free for U.S. federal income tax purposes. We believe that the Company's stockholders should not recognize gain or loss as a result of the distribution and no amount should be included in their income as a result of the distribution. The Company's stockholders are urged to consult with their tax advisors with respect to the U.S. federal, state and local or foreign tax consequences, as applicable, of the distribution. See "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off."

Q: Why has the Company decided to spin-off Mtron?

A: The Company's Board of Directors has determined that the separation of Mtron from its other business is in the best interests of the Company's stockholders. The Board believes that separating Mtron from the Company will, among other things:

- allow each company to pursue its own distinct business strategy and optimal capital allocation policy, independent of the other, which would better position each company to maximize value over the long-term;
- permit each company to tailor its strategic plans and pursue growth opportunities consistent with the key commercial markets served by each company, respectively;
- enable each company to more efficiently raise and allocate capital, including through debt or equity offerings, based on the fundamentals of their separate businesses;
- provide each company with greater flexibility to use stock as a currency for mergers, acquisitions and joint ventures;
- provide the Company's current stockholders with equity investments in two separate, publicly traded companies, including that reflect risks and

prospects of their underlying respective businesses; and

- enable investors to make investment decisions based on each company's individual performance and potential, and enhance the likelihood that the market will value each company appropriately.

Q: Are there risks associated with the spin-off and ownership of Mtron Common Stock?

A: Yes. There are a number of risks associated with the spin-off of Mtron and ownership of Mtron Common Stock. We discuss these risks under "Risk Factors."

Q: Are there conditions to completion of the spin-off?

A: Yes. Completion of the spin-off is subject to the following conditions:

- The Company's Board of Directors, in its sole and absolute discretion, shall have authorized and approved the spin-off (and such authorization and approval shall not have been withdrawn, as described below);
- The approval of the Company's stockholders of the spin-off in the contemplated manner;
- Mtron's registration statement on Form 10, of which this information statement is a part, shall have been declared effective by the U.S. Securities and Exchange Commission (the "SEC") and shall not be the subject of any stop order or proceedings seeking a stop order, and this information statement shall have been sent to the Company's stockholders as of the close of business on the record date, all necessary permits and authorizations under the Securities Act and the Exchange Act relating to the issuance and trading of shares of Mtron Common Stock shall have been obtained and be in effect, and such shares shall have been approved for listing on the NYSE American, subject to official notice of issuance; and
- No court or other governmental authority having jurisdiction over the Company or Mtron shall have issued or entered any order, and no applicable law shall have been enacted or promulgated, in each case, that is then in effect and has the effect of permanently restraining, enjoining or otherwise prohibiting the consummation of the spin-off.

We are not aware of any material regulatory requirements that must be complied with or any material regulatory or third party approvals that must be obtained, other than compliance with SEC rules and regulations, including the SEC's declaration of effectiveness of Mtron's registration statement on Form 10, and the approval for listing of Mtron Common Stock the NYSE American, subject to official notice of issuance.

Q: Can the Company's Board of Directors decide to terminate the spin-off even if all of the conditions have been satisfied?

A: Yes. Until the distribution has occurred, the Company's Board of Directors has the right to terminate the spin-off, even if all of the other conditions have been satisfied, if the Company's Board of Directors determines, in its sole and absolute discretion, that the spin-off is not in the best interests of the Company and its stockholders or that market conditions or other circumstances are such that the separation of Mtron and the Company is otherwise no longer advisable at that time.

Q: When will I be able to trade my shares of Mtron Common Stock? What will the market price be?

A: Prior to the spin-off, the Company will own all of the outstanding shares of Mtron Common Stock. Accordingly, there is no current trading market for Mtron Common Stock. We intend to list Mtron Common Stock on the NYSE American under the symbol "MPTI". We expect that the Mtron Common Stock will be listed on the NYSE American on or promptly after the distribution date. However, there is no assurance that an active public market for Mtron Common Stock will develop or be sustained after the spin-off. If an active public market does not develop or is not sustained, it may be difficult for Mtron's stockholders to sell their shares of Mtron Common Stock at a price that is attractive to them, or at all. It is expected that limited trading in the over-the-counter market, commonly known as a "when-issued" trading market, for shares of Mtron Common Stock will begin one trading day before the record date and that "regular way" trading of the Mtron Common Stock will begin the first day of trading after the distribution date.

We cannot predict what the market price will be for Mtron Common Stock prior to, on or after the distribution date. It is possible that some of the Company's stockholders may sell the shares received in connection with the spin-off because, among other things, Mtron's business or strategies do not fit their investment objectives or because Mtron Common Stock may not be included in certain indices. The market price of Mtron Common Stock may fluctuate significantly, including during the period before the market has analyzed fully the business and financial characteristics of Mtron separate from the Company.

Q: Does Mtron expect to pay dividends after the spin-off?

A: No. It is not anticipated that Mtron will pay cash dividends on its common stock following the spin-off. Mtron currently intends to retain any earnings for use in the operation of its business.

Q: Will my shares of the Company's common stock continue to trade after the spin-off?

A: Subject to continued compliance with applicable listing standards and requirements, it is expected that, following the spin-off, the Company's common stock will continue to trade on the NYSE American.

Q: If I sell my shares of the Company's common stock prior to the distribution, will I still be entitled to receive shares of Mtron in the distribution?

A: It is anticipated that, beginning on the record date and continuing until the time of the distribution, there will be two markets in shares of the Company's common stock on the NYSE American: a "regular-way" market and an "ex-distribution" market. Shares of the Company's common stock that trade on the "regular-way" market will trade with an entitlement to the shares of Mtron Common Stock to be distributed in the spin-off in respect thereof. Shares of the Company's common stock that trade on the "ex-distribution" market will trade without an entitlement to shares of Mtron Common Stock. Therefore, if a stockholder sells shares of the Company's common stock in the "regular-way" market on or prior to the time of the distribution, such stockholder will also be selling the right to receive the shares of Mtron Common Stock that such stockholder would have otherwise received in the spin-off in respect of the shares of the Company's common stock being sold. If a stockholder owns shares of the Company's common stock on the record date and sells those shares on the "ex-distribution" market on or prior to the time of the distribution, such stockholder will continue to be entitled to receive the shares of Mtron Common Stock which are distributed in the spin-off in respect of the shares of the Company's common stock being sold.

You are encouraged to consult with your broker or financial advisor regarding the specific implications of selling your shares of the Company's common stock prior to or on the distribution date.

Q: Will the spin-off affect the market price of the Company's common stock?

A: It is possible that the market price of the Company's common stock will be affected by the spin-off because such stock will no longer reflect the benefits, risks or rewards associated with Mtron and its subsidiaries. There is no assurance as to how the market will respond to the spin-off, including the agreements entered into in connection with the spin-off and the relationship between the Company and Mtron following the spin-off. We cannot provide you with any assurance as to the price at which shares of the Company's common stock or shares of Mtron Common Stock will trade following the spin-off.

Q: What will be the relationship between the Company and Mtron after the spin-off?

A: Immediately following the spin-off, Mtron will be a separate, publicly-traded company, and the Company will have no continuing stock ownership interest in Mtron. In connection with the spin-off, Mtron will enter into a Separation and

Distribution Agreement and several other agreements with the Company which will provide the terms and conditions of the separation of the businesses and will govern various ongoing arrangements between the Company and Mtron after completion of the spin-off.

Following the spin-off, there will be limited overlap between executive management of the Company and Mtron. It is expected that following the Spin-off, the following executive officers of the Company will resign and be appointed to serve as executive officers of Mtron. Michael J. Ferrantino will serve as chief executive officer, James W. Tivy will serve as chief financial officer and Linda M. Biles will serve as vice-president, controller of Mtron. To replace these positions, Marc J. Gabelli will be appointed and serve as the Company's chief executive officer, Ivan Arteaga will be its chief financial officer, and James W. Tivy will be its chief accounting officer.

It is currently anticipated that in connection with the Spin-off, two members of the Board of Directors of the Company, Bel Lazar and John S. Mega, will resign as directors and will be appointed to serve as directors of Mtron. It is also anticipated that the Company's chairman of the board, Marc J. Gabelli, will be appointed to serve as a director and as non-executive chairman of the board of Mtron, and that Michael J. Ferrantino will also be appointed to serve as a director of Mtron. As a result of the anticipated resignations, the Company's Board of Directors will consist of Marc J. Gabelli, as chairman of the board, Timothy J. Foufas, Donald H. Hunter, Manjit Kalha, Ivan Arteaga, and Michael J. Ferrantino. See "Management" for additional information.

Q: How will the Company's indebtedness and cash be allocated, paid or transferred in connection with the spin-off?

A: Mtron will assume the indebtedness of or related to it and its subsidiaries in connection with the spin-off, which had no outstanding indebtedness of as of December 31, 2021.

As of December 31, 2021, the Company had approximately $29.0 million of cash and cash equivalents. In connection with the spin-off, the Company will contribute to Mtron $1.7 million of cash and cash equivalents, other than $27.3 million of cash and cash equivalents and marketable securities with a current value of approximately $16.2 million which will be retained by the Company for use in the operation of its business.

Q: What will Mario J. Gabelli's and Marc J. Gabelli's ownership and voting percentage of Mtron be immediately following the distribution?

Mario J. Gabelli and Marc J. Gabelli will have the same beneficial ownership and voting interest in Mtron immediately following the spin-off as they have with respect to the Company immediately prior to the spin-off, or 1,042,612 and 844,883 shares, respectively. In the aggregate, these shares currently represent approximately 35.2% of the Company's total outstanding common stock. As a result, they will have the same voting power with respect to Mtron and will have a significant influence in the election of directors and the vote on any other matter presented for approval by Mtron's stockholders.

Q: Do the Company's executive officers and directors have interests in the spin-off that may be different from or in addition to the interests of the Company's other stockholders?

Yes. You should be aware that the executive officers and directors of the Company have interests in the spin-off that may differ from, or may be in addition to, the interests of the Company's stockholders generally. As previously described, following the spin-off, there will be an overlap between directors of the Company and Mtron. Marc J. Gabelli will serve as a chief executive officer and as a director and chairman of the Company and as a director and non-executive chairman of Mtron. Michael J. Ferrantino will also serve as a director of the Company and as a director and chief executive officer of Mtron. James W. Tivy will serve as chief accounting officer of the Company and chief financial officer of Mtron. The Company's directors currently receive annual cash fees and stock awards for their service on the Company's Board, and it is anticipated that those who will also serve on the Mtron's board of directors and receive fees for doing so as determined by the compensation committee of Mtron's board.

Q: Will I have appraisal rights in connection with the spin-off?

A: No. Stockholders of the Company will not have any appraisal rights in connection with the spin-off.

Q: Who will be the transfer agent for Mtron's Common stock after the spin-off?

A: It is expected that Computershare Inc. will be the transfer agent for Mtron's Common stock after the spin-off.

Q: Who is the distribution agent for the spin-off?

A: Computershare Inc. will be the distribution agent for the spin-off.

Q: Where can I get more information?

A: If you have any questions relating to the spin-off, you should contact the distribution agent at:

Computershare
211 Quality Circle, Suite 210
College Station, TX 77845
Toll free number: (877) 868-8027
TDD Hearing Impaired: (800) 952-9245
Foreign Stockholders: (201) 680-6578
TDD Foreign Stockholders: (781) 575-4592

SUMMARY OF THE SPIN-OFF

Distributing Company	The LGL Group, Inc., a Delaware corporation. Immediately after the distribution, the Company will not own any shares of Mtron Common Stock.
Distributed/Spin-Off Company	M-tron Industries, Inc., a Delaware corporation, which is currently a wholly-owned subsidiary of the Company. Such corporation will become a separate, publicly-traded company as a result of the spin-off.
Separation of Businesses	In connection with the spin-off, the Company will continue to own and operate its subsidiary, Precise Time and Frequency, LLC, and will hold cash and other investments. If the spin-off is completed, Mtron will be a separate, publicly-traded company engaged in the manufacture and marketing of frequency and spectrum control products directly and through its Piezo Technology, Inc., M-tron Asia, LLC and related subsidiaries.
Distributed Securities	The shares of Mtron Common Stock to be distributed in the spin-off will constitute all of the issued and outstanding shares of Mtron Common Stock immediately following the distribution. Based on the number of shares of the Company's common stock expected outstanding as of the record date, Mtron expects that 5,360,470 shares of Mtron Common Stock will be distributed in the spin-off. However, the actual number of shares of Mtron Common Stock to be distributed in the spin-off will be determined based on the actual number of shares of the Company's common stock outstanding as of the record date.
Record Date	5:00 P.M., Eastern time, on [•] [•], 2022.
Distribution Date	[•], [•], 2022.
Distribution Ratio	Each stockholder of the Company will receive one share of Mtron Common Stock for each share of the Company's common stock held by such stockholder as of the record date.
The Distribution	On or before the distribution date, the Company will release the shares of Mtron Common Stock to the distribution agent to distribute to the Company's stockholders. The shares will be distributed in book-entry form, which means that no physical share certificates will be issued. We expect that it may take the distribution agent up to one week following the distribution date to electronically issue shares of Mtron Common Stock to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. You will not be required to make any payment, surrender or exchange of your shares of the Company's common stock or take any other action to receive your shares of Mtron Common Stock. However, the Company is seeking the approval of its stockholders in order to effect the spin-off in the contemplated manner. The Company intends to hold a special meeting of its stockholders to approve these actions and has distributed a separate proxy statement which contains information regarding the proposed spin-off and name change and the special meeting. Completion of the spin-off is conditioned upon stockholder approval of the spin-off and certain other conditions described below.

No Fractional Shares

Because the distribution ratio is one share of Mtron Common Stock for each share of the Company's common stock, no fractional shares will result from, or be distributed in, the spin-off.

Conditions to the Spin-Off

Completion of the spin-off is subject to the following conditions:

- the Company's Board of Directors of, in its sole and absolute discretion, shall have authorized and approved the spin-off (and such authorization and approval shall not have been withdrawn, as described below);
- the approval of the Company's stockholders of the spin-off in the manner contemplated;
- Mtron's registration statement on Form 10, of which this information statement is a part, shall have been declared effective by the SEC and shall not be the subject of any stop order or proceedings seeking a stop order, and this information statement shall have been sent to the Company's stockholders as of the close of business on the record date, all necessary permits and authorizations under the Securities Act and the Exchange Act relating to the issuance and trading of shares of Mtron Common Stock shall have been obtained and be in effect, and such shares shall have been approved for listing on the NYSE American, subject to official notice of issuance; and
- No court or other governmental authority having jurisdiction over the Company or Mtron shall have issued or entered any order, and no applicable law shall have been enacted or promulgated, in each case, that is then in effect and has the effect of permanently restraining, enjoining or otherwise prohibiting the consummation of the spin-off.

We are not aware of any material regulatory requirements that must be complied with or any material regulatory or third party approvals that must be obtained, other than compliance with SEC rules and regulations, including the SEC's declaration of effectiveness of Mtron's registration statement on Form 10, and the approval for listing of Mtron Common Stock on the NYSE American.

Trading of Shares

We intend to list Mtron Common Stock on the NYSE American under the symbol "MPTI". We expect that the Mtron Common Stock will be listed on the NYSE American on or promptly after the distribution date.

It is expected that a limited trading in the over-the-counter market, commonly known as a "when-issued" trading market, for shares of Mtron Common Stock will begin one trading day before the record date and that "regular way" trading of the Mtron Common Stock will begin the first day of trading after the distribution date.

It is anticipated that, beginning on the record date and continuing until the time of the distribution, there will be two markets in shares of the Company's common stock on the NYSE American: a "regular-way" market and an "ex-distribution" market. Shares of the Company's common Stock that trade on the "regular-way" market will trade with an entitlement to the shares of Mtron Common Stock to be distributed in the spin-off in respect thereof. Shares of the Company's common stock that trade on the "ex-distribution" market will trade without an entitlement to shares of Mtron Common Stock. Therefore, if a stockholder sells shares of the Company's common stock in the "regular-way" market on or prior to the time of the distribution, such stockholder will also be selling the right to receive the shares of Mtron Common Stock that such stockholder would have otherwise received in the spin-off in respect of the shares of the Company's common stock being sold. If a stockholder owns shares of the Company's common stock on the record date and sells those shares on the "ex-distribution" market on or prior to the time of the distribution, such stockholder will continue to be entitled to receive the shares of Mtron Common Stock which are distributed in the spin-off in respect of the shares of the Company's common stock being sold.

You are encouraged to consult with your broker or financial advisor regarding the specific implications of selling your shares of the Company's Common Stock prior to or on the distribution date.

Material U.S. Federal Income Tax Consequences	The distribution is intended to be tax-free under Section 355 of the Internal Revenue Code of 1986, as amended. We believe that the Company's stockholders should not recognize gain or loss as a result of the distribution and no amount should be included in their income as a result of the distribution for U.S. federal income tax purposes. The Company has not obtained a tax opinion with respect to the tax consequences of the spin-off. Neither the Company nor Mtron has applied for a private letter ruling from the Internal Revenue Service (the "IRS") with respect to the tax consequences of the distribution. Accordingly, there can be no assurance that the IRS or another taxing authority will not assert that the distribution is taxable to the Company, Mtron or the Company's stockholders. The Company's stockholders are urged to consult with their tax advisors with respect to the U.S. federal, state and local or foreign tax consequences, as applicable, of the distribution. For a more detailed discussion of the federal income tax consequences of the spin-off, see "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off" and "Risk Factors—Risks Relating to the Spin-Off—The distribution of our common stock may not qualify for tax-free treatment."
Separation and Distribution Agreement and other Spin-Off Documents	In connection with the spin-off, Mtron will enter into a Separation and Distribution Agreement and several other agreements with the Company, which will provide the terms and conditions of the separation of the businesses of the Company between the Company and Mtron and will govern various ongoing arrangements between the Company and Mtron upon completion of the spin-off. The Separation and Distribution Agreement and other agreements expected to be entered into with the Company in connection with the spin-off are described in further detail under "The Spin-Off—Relationship Between Mtron and the Company."
Dividend Policy	It is not anticipated that Mtron will pay cash dividends on its common stock following the spin-off. Mtron currently intends to retain any earnings for use in the operation of its business.
Distribution Agent	Computershare, Inc. will be the distribution agent for the spin-off.
Risk Factors	There are a number of risks and uncertainties related to the spin-off of Mtron (including its business and investments and it being a separate, publicly-traded company following the spin-off) and ownership of Mtron Common Stock. You should carefully read the factors set forth in the section of this information statement entitled "Risk Factors."

SELECTED HISTORICAL COMBINED FINANCIAL INFORMATION

Selected Historical Combined Financial Data

The following tables present the selected historical combined financial data of Mtron. We derived the statements of operations data for the year ended December 31, 2021 and 2020 and the balance sheets data as of December 31, 2021 and 2020 from our audited combined financial statements included elsewhere in this information statement.

The historical statements of operations reflect allocations of general corporate expenses from the Company, including, but not limited to, executive management, accounting, and other shared services. These expenses have been allocated to Mtron on the basis of direct usage when identifiable, while the remainder of the expenses, including costs related to executive compensation, were allocated primarily on a pro-rata basis based on segment revenues. The allocations may not, however, reflect the expenses Mtron would have incurred as a stand-alone public company for the periods presented. The financial statements included in this information statement may not necessarily reflect our financial position, results of operations and cash flows as if Mtron had operated as a stand-alone public company during all periods presented.

The selected historical combined financial data presented below should be read in conjunction with our audited historical combined financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Fiscal Year Ended	
	December 31, 2021	December 31, 2020
Summary of Operations	(in thousands, except for percentage of revenues)	
Revenues	$ 26,694	$ 29,984
Gross Margin	9,336	10,296
Gross Margin % of revenues	35.0%	34.3%
Operating Income	2,114	3,030
Net Income	1,582	2,310
Other Financial Information		
Cash and Cash Equivalents	$ 2,635	$ 2,456
Total Assets	20,006	17,918
Working Capital	9,081	8,930
Net Cash Provided by Operating Activities	2,960	3,906
Capital Expenditures	1,099	407
Equity	16,849	14,974

RISK FACTORS

You should carefully consider each of the following risks and uncertainties, which we believe are the principal risks that Mtron faces and of which we are currently aware, and all of the other information in this information statement. Some of the risks and uncertainties described below relate to Mtron's business. Other risks relate principally to the spin-off, the securities markets and the ownership of Mtron Common Stock. If any of the following events actually occur, Mtron's business, financial condition or results of operations, and the liquidity and trading price of Mtron Common Stock, could be materially adversely affected. Additional risks and uncertainties that we do not presently know about or currently believe are not material may also adversely affect Mtron's business, financial condition and results of operations.

Risks Relating to Our Business

We are dependent on a single line of business.

We are engaged only in the design, manufacture and marketing of standard and custom-engineered electronic components that are used primarily for the control of frequency and spectrum of signals in electronic circuits. Until we diversify our product offerings, we will remain dependent on our single electronic components line of business.

Given our reliance on this single line of business, any decline in demand for this product line or failure to achieve continued market acceptance of existing and new versions of this product line may harm our business and financial condition. Additionally, unfavorable market conditions affecting this line of business would likely have a disproportionate impact on us in comparison with certain competitors, who have more diversified operations and multiple lines of business. Should this line of business fail to generate sufficient sales to support ongoing operations, there can be no assurance that we will be able to develop or acquire alternate business lines.

Our operating results vary significantly from period to period.

We experience fluctuations in our operating results. Some of the principal factors that contribute to these fluctuations include changes in demand for our products; our effectiveness in managing manufacturing processes, costs and inventory; our effectiveness in engineering and qualifying new product designs with our OEM customers and in managing the risks associated with offering those new products into production; changes in the cost and availability of raw materials, which often occur in the electronics manufacturing industry and which affect our margins and our ability to meet delivery schedules; macroeconomic and served industry conditions; and events that may affect our production capabilities, such as labor conditions and political instability. In addition, due to the prevailing economic climate and competitive differences between the various market segments which we serve, the mix of sales between our communications, networking, aerospace, defense, industrial and instrumentation market segments may affect our operating results from period to period.

Our acquisitions may reduce earnings, require it to obtain additional financing and expose it to additional risks.

Our business strategy includes future acquisitions of operating companies. Some of these acquisitions may be material. While we seek to make acquisitions in companies that provide opportunities for growth, our investments or acquisitions may not prove to be successful or, even if successful, may not initially generate income, or may generate income on an irregular basis or over a long time period. Accordingly, our results of operations may vary significantly on a quarterly basis and from year to year as a result of acquisitions. Acquisitions will also expose us to the risks of the businesses acquired. Acquisitions entail numerous risks, including those involving:

- Difficulties in integrating business operations and assimilating the acquired businesses' management;
- Unforeseen expenses or liabilities, which may lead losses;
- Challenges associated with entering new markets in which we have no or limited prior experience;
- Delays in achieving anticipated synergies and profitability;
- The potential loss of key employees of acquired businesses;

- The incurrence of significant due diligence expenses relating to acquisitions, including with respect to those that are not completed.

In addition, to the extent that operating businesses are acquired outside the United States or the State of Florida, there will be additional risks related to compliance with foreign regulations and laws including tax laws, labor laws, currency fluctuations and geographic economic conditions.

In addition, there may be significant competition for investments and acquisitions, which could increase the costs associated with the investments or acquisitions. Substantial costs are incurred in connection with the evaluation of potential acquisition and investment opportunities whether or not the acquisitions or investments are ultimately consummated. Further, funding of such investments or acquisitions may require additional debt or equity financing, which will subject us to the risks and uncertainties described in these risk factors with respect to those activities in the immediately following risk factors. If we require additional financing in the future, the financing may not be available when needed or on favorable terms, if at all.

We have a large customer that accounts for a significant portion of our revenues, and the loss of this customer, or decrease in the customer's demand for our products, could have a material adverse effect on our results of operations.

In 2021, our largest customer, a commercial aerospace and defense company, accounted for $7,838,000, or 29.4%, of our total revenues, compared to $7,802,000, or 26.0%, of the Company's total revenues in 2020. Our second largest customer in 2021, a defense contractor, accounted for $3,138,000, or 11.8%, of the Company's total revenues, compared to $5,550,000, or 18.5%, of the Company's total revenues in 2020. The loss of either of these customers, or a decrease in their demand for our products, could have a material adverse effect on our results.

A relatively small number of customers account for a significant portion of our accounts receivable, and the insolvency of any of these customers could have a material adverse impact on our liquidity.

As of December 31, 2021, four of our largest customers accounted for approximately $2,568,000, or 62.3% of accounts receivable. The insolvency of any of these customers could have a material adverse impact on our liquidity.

Our order backlog may not be indicative of future revenues.

Our order backlog is comprised of orders that are subject to specific production release, orders under written contracts, oral and written orders from customers with which we have had long-standing relationships and written purchase orders from sales representatives. Our customers may order products from multiple sources to ensure timely delivery when backlog is particularly long and may cancel or defer orders without significant penalty. They also may cancel orders when business is weak and inventories are excessive. As a result, we cannot provide assurances as to the portion of backlog orders to be filled in a given year, and our order backlog as of any particular date may not be representative of actual revenues for any subsequent period.

Our future rate of growth and profitability are highly dependent on the development and growth of the communications, networking, aerospace, defense, instrumentation and industrial markets, which are cyclical.

In 2021, the majority of our revenues were derived from sales to manufacturers of equipment for the defense, aerospace, instrumentation and industrial markets for frequency and spectrum control devices, including indirect sales through distributors and contract manufacturers. During 2022 and 2023, we expect a significant portion of our revenues to continue to be derived from sales to these manufacturers. Often OEMs and other service providers within these markets have experienced periods of capacity shortage and periods of excess capacity, as well as periods of either high or low demand for their products. In periods of excess capacity or low demand, purchases of capital equipment may be curtailed, including equipment that incorporates our products. A reduction in demand for the manufacture and purchase of equipment for these markets, whether due to cyclical, macroeconomic or other factors, or due to our reduced ability to compete based on cost or technical factors, could substantially reduce our net sales and operating results and adversely affect our financial condition. Moreover, if these markets fail to grow as expected, we may be unable to maintain or grow our revenues. The multiple variables which affect the communications, networking, aerospace, defense, instrumentation and industrial markets for our products, as well as the number of parties involved in the supply chain and manufacturing process, can impact inventory levels and lead to supply chain inefficiencies. As a result of these complexities, we have limited visibility to forecast revenue projections accurately for the near and medium-term timeframes.

The market share of our customers in the communications, networking, aerospace, defense, instrumentation and industrial markets may change over time, reducing the potential value of our relationships with our existing customer base.

We have developed long-term relationships with our existing customers, including pricing contracts, custom designs and approved vendor status. If these customers lose market share to other equipment manufacturers in the communications, networking, aerospace, defense, instrumentation and industrial markets with whom we do not have similar relationships, our ability to maintain revenue, margin or operating performance may be adversely affected.

If we are unable to introduce innovative products, demand for our products may decrease.

Our future operating results are dependent on our ability to develop, introduce and market innovative products continually, to modify existing products, to respond to technological change and to customize some of our products to meet customer requirements. There are numerous risks inherent in this process, including the risks that we will be unable to anticipate the direction of technological change or that it will be unable to develop and market new products and applications in a timely or cost-effective manner to satisfy customer demand.

Our markets are highly competitive, and we may lose business to larger and better-financed competitors.

Our markets are highly competitive worldwide, with low transportation costs and few import barriers. We compete principally on the basis of product quality and reliability, availability, customer service, technological innovation, timely delivery and price. Within the industries in which we compete, competition has become increasingly concentrated and global in recent years.

Many of our major competitors, some of which are larger than us, and potential competitors have substantially greater financial resources and more extensive engineering, manufacturing, marketing and customer support capabilities. If we are unable to successfully compete against current and future competitors, our operating results will be adversely affected.

Our success depends on our ability to retain key management and technical personnel and attracting, retaining, and training new technical personnel.

Our future growth and success will depend in large part upon our ability to recruit highly-skilled technical personnel, including engineers, and to retain our existing management and technical personnel. The labor markets in which we operate are highly competitive and some of our operations are not located in highly populated areas. As a result, we may not be able to recruit and retain key personnel. Our failure to hire, retain or adequately train key personnel could have a negative impact on our performance.

We purchase certain key components and raw materials from single or limited sources and could lose sales if these sources fail to fulfill our needs for any reason, including the inability to obtain these key components or raw materials due to the COVID-19 outbreak.

If single-source components or key raw materials were to become unavailable on satisfactory terms, and we could not obtain comparable replacement components or raw materials from other sources in a timely manner, our business, results of operations and financial condition could be harmed. On occasion, one or more of the components used in our products have become unavailable, resulting in unanticipated redesign and related delays in shipments. The COVID-19 outbreak has caused a global pandemic that has disrupted supply chains and the ability to obtain components and raw materials around the world for all companies, including Mtron. We cannot give assurance that we will be able to obtain the necessary components and raw materials necessary to conduct our business during the COVID-19 pandemic, and we also cannot give assurance that similar delays will not occur in the future. In addition, our suppliers may be impacted by compliance with environmental regulations including RoHS and Waste Electrical and Electronic Equipment (“WEEE”), which could disrupt the supply of components or raw materials or cause additional costs for us to implement new components or raw materials into our manufacturing processes.

As a supplier to U.S. Government defense contractors, we are subject to a number of procurement regulations and other requirements and could be adversely affected by changes in regulations or any negative findings from a U.S. Government audit or investigation.

A number of our customers are U.S. Government contractors. As one of their suppliers, we must comply with significant procurement regulations and other requirements. Under applicable federal regulations for defense contractors, we are required to comply with the Cybersecurity Maturity Model Certification ("CMMC") program in the next several years and other similar cybersecurity requirements. We also maintain registration under the International Traffic in Arms Regulations for all of our production facilities. One of those production facilities must comply with additional requirements and regulations for our production processes and for selected personnel in order to maintain the security of classified information. These requirements, although customary within these markets, increase our performance and compliance costs. If any of these various requirements change, our costs of complying with them could increase and reduce our operating margins. To the extent that we are unable to comply with the CMMC or other requirements, our business with the Department of Defense or our prime customers could be at risk.

We operate in a highly regulated environment and are routinely audited and reviewed by the U.S. Government and its agencies such as the Defense Contract Audit Agency and Defense Contract Management Agency. These agencies review our performance under our contracts, our cost structure and our compliance with applicable laws, regulations, and standards, as well as the adequacy of, and our compliance with, our internal control systems and policies. Systems that are subject to review include our purchasing systems, billing systems, property management and control systems, cost estimating systems, compensation systems and management information systems.

Any costs found to be improperly allocated to a specific contract will not be reimbursed or must be refunded if already reimbursed. If an audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or prohibition from doing business as a supplier to contractors who sell products and services to the U.S. Government. In addition, our reputation could be adversely affected if allegations of impropriety were made against us.

From time to time, we may also be subject to U.S. Government investigations relating to our or our customers' operations and products, and we and our customers are expected to perform in compliance with a vast array of federal laws, including the Truth in Negotiations Act, the False Claims Act, the International Traffic in Arms Regulations promulgated under the Arms Export Control Act, and the Foreign Corrupt Practices Act. We or our customers may be subject to reductions of the value of contracts, contract modifications or termination, and the assessment of penalties and fines, which could negatively impact our results of operations and financial condition, or result in a diminution in revenue from our customers, if we or our customers are found to have violated the law or are indicted or convicted for violations of federal laws related to government security regulations, employment practices or protection of the environment, or are found not to have acted responsibly as defined by the law. Such convictions could also result in suspension or debarment from serving as a supplier to government contractors for some period of time. Such convictions or actions could have a material adverse effect on us and our operating results. The costs of cooperating or complying with such audits or investigations may also adversely impact our financial results.

Our products are complex and may contain errors or design flaws, which could be costly to correct.

When we release new products, or new versions of existing products, they may contain undetected or unresolved errors or defects. The vast majority of our products are custom designed for requirements of specific OEM systems. The expected business life of these products ranges from less than one year to more than 10 years depending on the application. Some of the customizations are modest changes to existing product designs while others are major product redesigns or new product platforms.

Despite testing, errors or defects may be found in new products or upgrades after the commencement of commercial shipments. Undetected errors and design flaws have occurred in the past and could occur in the future. These errors could result in delays, loss of market acceptance and sales, diversion of development resources, damage to our reputation, product liability claims and legal action by our customers and third parties, failure to attract new customers and increased service costs.

Communications and network infrastructure equipment manufacturers increasingly rely upon contract manufacturers, thereby diminishing our ability to sell our products directly to those equipment manufacturers.

There is a continuing trend among communications and network infrastructure equipment manufacturers to outsource the manufacturing of their equipment or components. As a result, our ability to persuade these OEMs to utilize our products in customer designs could be reduced and, in the absence of a manufacturer's specification of our products, the prices that we can charge for them may be subject to greater competition.

Future changes in our environmental liability and compliance obligations may increase costs and decrease profitability.

Our present and past manufacturing operations, products, and/or product packaging are subject to environmental laws and regulations governing air emissions, wastewater discharges, and the handling, disposal and remediation of hazardous substances, wastes and other chemicals. In addition, more stringent environmental regulations may be enacted in the future, and we cannot presently determine the modifications, if any, in our operations that any future regulations might require, or the cost of compliance that would be associated with such regulations.

Environmental laws and regulations may cause us to change our manufacturing processes, redesign some of our products, and change components to eliminate some substances in our products in order to be able to continue to offer them for sale.

We have significant international operations and sales to customers outside of the United States that subject us to certain business, economic and political risks.

We have office and manufacturing space in Noida, India, and a sales office in Hong Kong. Additionally, foreign revenues for 2021 (primarily relating to Malaysia) accounted for 10.3% of our 2021 combined revenues. We anticipate that sales to customers located outside of the United States will continue to be a significant part of our revenues for the foreseeable future. Our international operations and sales to customers outside of the United States subject our operating results and financial condition to certain business, economic, political, health, regulatory and other risks, including but not limited to:

- Political and economic instability in countries in which our products are manufactured and sold;
- Expropriation or the imposition of government controls;
- Responsibility to comply with anti-bribery laws such as the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions;
- Sanctions or restrictions on trade imposed by the United States Government;
- Export license requirements;
- Trade restrictions;
- Currency controls or fluctuations in exchange rates;
- High levels of inflation or deflation;
- Difficulty in staffing and managing non-U.S. operations;
- Greater difficulty in collecting accounts receivable and longer payment cycles;
- Changes in labor conditions and difficulties in staffing and managing international operations;
- The impact of the current COVID-19 outbreak; and
- Limitations on insurance coverage against geopolitical risks, natural disasters and business operations.

Additionally, to date, very few of our international revenue and cost obligations have been denominated in foreign currencies. As a result, changes in the value of the United States dollar relative to foreign currencies may affect our competitiveness in foreign markets. We do not currently engage in foreign currency hedging activities, but may do so in the future to the extent that we incur a significant amount of foreign-currency denominated assets or liabilities.

We rely on information technology systems to conduct our business, and disruption, failure or security breaches of these systems could adversely affect our business and results of operations.

We rely on information technology ("IT") systems in order to achieve our business objectives. We also rely upon industry accepted security measures and technology to securely maintain confidential information maintained on our IT systems. However, our portfolio of hardware and software products, solutions and services and our enterprise IT systems may be vulnerable to damage or disruption caused by circumstances beyond our control such as catastrophic events, power outages, natural disasters, computer system or network failures, computer viruses, cyber-attacks or other malicious software programs. The failure or disruption of our IT systems to perform as anticipated for any reason could disrupt our business and result in decreased performance, significant remediation costs, transaction errors, loss of data, processing inefficiencies, downtime, litigation and the loss of suppliers or customers. A significant disruption or failure could have a material adverse effect on our business operations, financial performance and financial condition.

Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and/or damage to our business relationships, all of which could negatively impact our financial results.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to customer relationships. As our reliance on technology increases, so will the risks posed to our information systems, both internal and those we outsource. There is no guarantee that any processes, procedures and internal controls we have implemented or will implement will prevent cyber intrusions, which could have a negative impact on our financial results, operations, business relationships or confidential information.

If we fail to correct any material weakness that our independent registered public accounting firm identifies in our internal control over financial reporting or otherwise fail to maintain effective internal control over financial reporting, we may not be able to report our financial results accurately and timely, in which case our business may be harmed, investors may lose confidence in the accuracy and completeness of our financial reports and the price of our common stock may decline.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for evaluating and reporting on our system of internal control. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. We are required to comply with the Sarbanes-Oxley Act and other rules that govern public companies.

If we identify material weaknesses in our internal control over financial reporting in the future, if we cannot comply with the requirements of the Sarbanes-Oxley Act in a timely manner or attest that our internal control over financial reporting is effective, or if our independent registered public accounting firm cannot express an opinion as to the effectiveness of our internal control over financial reporting when required, we may not be able to report our financial results accurately and timely. As a result, investors, counterparties and consumers may lose confidence in the accuracy and completeness of our financial reports. Accordingly, access to capital markets and perceptions of our creditworthiness could be adversely affected, and the market price of our common stock could decline. In addition, we could become subject to investigations by the stock exchange on which our securities are listed, the Securities and Exchange Commission (the "SEC") or other regulatory authorities, which could require additional financial and management resources. These events could have a material and adverse effect on our business, operating results, financial condition and prospects.

The ongoing effects of the COVID-19 pandemic and associated global economic disruption and uncertainty have affected, and may further affect, our business, results of operations and financial condition.

Our results of operations are affected by certain economic factors, including the downturn in the avionics market and closure of our facilities located in Noida, India on March 23, 2020. This facility resumed limited operations on May 7, 2020 and was in full operation at the end of June 2020. The broader implications of the COVID-19 pandemic on our results of operations and overall financial performance remain uncertain as well as the extent to which it will affect our revenues and earnings. Although we believe that after the spin-off we will have sufficient liquidity and capital resources to effectively continue operations for the foreseeable future, continued deterioration of worldwide credit and financial markets may limit our ability to raise capital and financing may not be available to us in sufficient amounts, on acceptable terms, or at all. If we are unable to access sufficient capital on acceptable terms, our business could be adversely impacted.

In an effort to protect the health and safety of our employees, we implemented various measures to reduce the impact of COVID-19 across our organization, while also working to maintain business continuity. Consistent with government guidelines and mandates, these initiatives included the adoption of social distancing policies, work-at-home arrangements, and suspending employee travel. Currently, while a few of our administrative employees are working remotely from home in an effort to reduce the spread of the virus, most of our employees are unable to work from home as we are primarily a manufacturer of products for the defense and aerospace industries and our employees' work must be performed within a controlled environment. A decline in the health and safety of our employees, including key employees, or material disruptions to their ability to work either remotely or at one of our manufacturing facilities, could negatively affect our ability to operate our business normally and have a material adverse impact on our results of operations or financial condition.

To the extent that COVID-19 continues to spread and affect the employee base or operations of our materials providers, disruptions in the provision of, or the inability to provide, materials to us could negatively impact our business operations.

We may issue additional securities and incur additional indebtedness at our company or our subsidiaries.

We may in the future seek to raise funds through the issuance of debt or equity securities. There is generally no restriction on our ability to issue debt or equity securities, which are pari passu or have a preference over its common stock. After the spin-off, authorized but unissued shares of our capital stock will be available for issuance from time to time at the discretion of our board of directors, and any such issuance may be dilutive to our stockholders.

Substantial sales of Mtron Common Stock could adversely affect the market prices of such securities.

Substantial sales of Mtron Common Stock, including sales of shares by significant stockholders and management, could adversely affect the market prices of such shares. Management has in the past and may in the future enter into Rule 10b5-1 plans pursuant to which a significant number of shares are sold into the open market.

Risks Relating to the Spin-Off

We may be unable to achieve some or all of the expected benefits of the spin-off, and the spin-off may adversely affect our business.

As a new, publicly-traded company, we may be more susceptible to market fluctuations and other adverse events attendant to our separation from the Company. Our performance may not meet expectations for a variety of reasons. As a subsidiary of the Company, we enjoyed certain benefits, including economies of scope and scale in costs, employees and business relationships. These benefits may not be as readily achievable as a stand-alone company. There can be no assurance that the spin-off will not adversely affect our business.

The distribution of Mtron Common Stock may not qualify for tax-free treatment.

There is a risk that the distribution may not qualify for tax-free treatment and, accordingly, will be a taxable transaction to the Company's stockholders. While the distribution is intended to be tax-free under Section 355 of the Internal Revenue Code of 1986, as amended (the "Code"), and while we believe that the Company's stockholders should not recognize gain or loss as a result of the distribution and that no amount should be included in their income as a result of the distribution for U.S. federal income tax purposes, the Company has not obtained, and does not expect to obtain, a tax opinion with respect to the tax consequences of the spin-off. Furthermore, neither the Company nor Mtron has applied or will apply for a private letter ruling from the Internal Revenue Service (the "IRS") with respect to the tax consequences of the distribution. Accordingly, there can be no assurance that the IRS or another taxing authority will not assert that the distribution is taxable to the Company, Mtron or the Company's stockholders. If the distribution is determined to be taxable for U.S. federal income tax purposes, the receipt of Mtron Common Stock in the spin-off is expected to be treated as a distribution of property in an amount equal to the fair market value of the stock received. We believe that a reasonable approach to determine the fair market value of the shares of Mtron Common Stock received would be to use the volume-weighted average price of Mtron Common Stock on the first full trading day following the distribution. In such circumstances, the distribution of Mtron Common Stock in the spin-off would be treated as ordinary dividend income to the extent considered paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of the Company's current year and accumulated earnings and profits will be treated as a non-taxable return of capital, which reduces basis, to the extent of the holder's basis in its shares of the Company's common stock, as applicable, and thereafter as capital gain. The amount of those earnings and profits is not determinable at this time because it will depend on the Company's income for the entire tax year in which the distribution occurs. For more information regarding the potential U.S. federal income tax consequences to you of the distribution, see the section entitled "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off."

Our ability to meet our capital needs may be harmed by the loss of financial support from the Company, and we may not be able to obtain funds necessary to operate our business.

Our ability to meet our capital needs, which turn on our financial condition and future prospects, may be harmed after the completion of the spin-off, and we will not be able to access financial support from the Company following the spin-off. To the extent we seek funds through accessing equity or debt capital markets, as a standalone company, the cost of financing will depend on many factors, among other things, such as our performance and financial market conditions generally. Accordingly, we may not be able to obtain financing or otherwise raise funds necessary to operate our business on favorable terms, or at all. If we are unable to raise additional capital when required or on acceptable terms, we may have to significantly delay or scale back our acquisition activity and planned capital expenditures, which could adversely impact our business and prospects. In addition, to the extent debt financing, if available, is obtained, we may be subject to operating and financial covenants that may restrict our operations and if we cannot generate sufficient cash flow from operations to meet future debt payment obligations, we may be required to attempt to restructure or refinance such debt, raise additional capital or take other actions such as selling assets, or reducing or delaying capital expenditures. There is no assurance that we will be able to effect any such actions or do so on satisfactory terms, if at all, or that such actions would be permitted by the terms of our indebtedness. Further, to the extent that we raise additional funds by issuing equity securities, our stockholders would experience dilution, which may be significant and could cause the market price of Mtron Common Stock to decline.

Mtron may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as a separate, publicly traded company, and we may experience increased costs after the spin-off.

Following the spin-off, the Company will have no obligation to provide us with assistance other than the obligations and services contained in the agreements between the Company and Mtron relating to the spin-off, including the Separation and Distribution Agreement and other agreements described under "The Spin-Off – Relationship Between Mtron and the Company." These services do not include every service that we have received from the Company in the past, and the Company is only obligated to provide the services for limited periods following completion of the spin-off. The agreements relating to such services and to the spin-off were agreed to prior to the spin-off, at a time when our business was still operated as part of the Company's organization, and we did not have an independent board of directors or management team representing our interests with respect to such agreements.

Following the spin-off and the expiration of the aforementioned agreements, we will need to provide internally or obtain from unaffiliated third parties the services we will no longer receive from the Company. These services may include, without limitation, legal, accounting, information technology, human resources and other infrastructure support, the effective and appropriate performance of which may be critical to our operations. We may be unable to replace these services in a timely manner or on terms and conditions as favorable as those received from the Company. We may be unable to successfully establish the infrastructure or implement the changes necessary to operate independently, or may incur additional costs that could adversely affect us. If we fail to obtain the quality of services necessary to operate effectively or incur greater costs in obtaining these services, our business, financial condition and results of operations may be adversely affected.

As a public company, we will be subject to the reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). These requirements may place a strain on our systems and resources. The Exchange Act requires that we file reports and statements with the SEC, including annual, quarterly and current reports. Under the Sarbanes-Oxley Act, we must maintain effective disclosure controls and procedures and internal control over financial reporting, which requires significant resources and management oversight. We intend to implement additional procedures and processes to address the standards and requirements applicable to public companies, but these procedures may not be successful and the costs associated with compliance may be greater than anticipated.

We do not have an operating history as a standalone company apart from the Company's organization, and our historical and pro forma financial information may not be a reliable indicator of our future results.

The historical financial information Mtron has included in this information statement has been derived from the Company's consolidated financial statements and accounting records and does not necessarily reflect what our financial position, results of operations and cash flows would have been had Mtron been a separate, stand-alone entity during the periods presented. The Company did not account for Mtron, and Mtron was not operated, as a separate, stand-alone company for the periods presented. Actual costs that may have been incurred if Mtron had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure, and materiality thresholds would have been significantly lower. In addition, the historical information may not be indicative of what our results of operations, financial position and cash flows will be in the future. For example, following the spin-off, changes may occur in our cost structure, debt financing and interest expense, funding and operations, including changes in our tax structure, and we will incur increased costs associated with being a stand-alone public company.

Additionally, in preparing the unaudited pro forma combined financial statements contained in this information statement, Mtron based the pro forma adjustments on available information and assumptions that Mtron believes are reasonable and factually supportable; however, the assumptions may prove not to be accurate. Also, our unaudited pro forma combined financial statements do not give effect to various ongoing additional costs Mtron may incur in connection with being a stand-alone public company. Accordingly, the unaudited pro forma combined financial statements do not reflect what our financial condition, results of operations or cash flows would have been as a stand-alone public company and is not necessarily indicative of our future financial condition or results of operations.

The spin-off could give rise to disputes or other unfavorable effects, which could have a material adverse effect on our business, financial position and results of operations.

Disputes with third parties could arise out of the distribution, and we could experience unfavorable reactions to the distribution from employees, investors, or other interested parties. These disputes and reactions could have a material adverse effect on our business, financial position, and results of operations. In addition, following the spin-off, disputes between Mtron and the Company could arise in connection with the Separation and Distribution Agreement and other agreements to be entered into between Mtron and the Company in connection with the spin-off as described under "The Spin-Off – Relationship Between Mtron and the Company."

We may have been able to receive better terms from unaffiliated third parties than the terms provided in our agreements with the Company.

The agreements related to our separation from the Company were negotiated in the context of our separation from the Company while we were still a wholly-owned subsidiary. Accordingly, they may not reflect terms that would have been reached between unaffiliated parties. The terms of the agreements we negotiated in the context of the separation related to, among other things, indemnities and other obligations between the Company and Mtron. Had these agreements been negotiated with unaffiliated third parties, they might have been more favorable to Mtron.

Our potential indemnification obligations pursuant to the Separation and Distribution Agreement could have material adverse effects.

Under the Separation and Distribution Agreement, we have an obligation to indemnify the Company for liabilities associated with our business and any breach of our obligations under the Separation and Distribution Agreement and other agreements to be entered into between Mtron and the Company in connection with the spin-off as described under "The Spin-Off – Relationship between Mtron and the Company." The costs associated with any such indemnification could be significant and have a material adverse effect on our results and financial condition.

Our current or prospective customers, suppliers or other companies with whom we conduct business may need assurances that our financial condition on a stand-alone basis is sufficient to satisfy their requirements for doing or continuing to do business with them.

Our customers, suppliers or other companies with whom we conduct business may need assurances that our financial condition on a stand-alone basis is sufficient to satisfy their requirements for doing or continuing to do business with them. If any of them are not satisfied with our financial stability and cease doing business with Mtron, our business, financial condition and results of operations could be materially adversely affected.

After the separation, certain of Mtron's directors and officers may have actual or potential conflicts of interest because of their positions or relationships with the Company.

After the separation, Marc J. Gabelli will serve as Mtron's non-executive chairman of the board and will also serve as chairman of the board and chief executive officer of the Company, Michael J. Ferrantino will serve as Mtron's chief executive officer and as a director on our board and also as a director of the Company, and James W. Tivy will serve as Mtron's chief financial officer and also as chief accounting officer of the Company. Such dual roles could create, or appear to create, potential conflicts of interest when the Company and our officers and directors face decisions that could have different implications for the two companies.

In addition, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between the Company and Mtron regarding the terms of the agreements governing the separation and the relationship thereafter between the companies. The Company's executive officers and other personnel who serve as directors or executive management of Mtron may interpret these agreements in their capacity as the Company's employees in a manner that would adversely affect the business of Mtron.

The aggregate post-distribution value of the Mtron Common Stock and the Company's common stock may not equal or exceed the pre-spin-off value of the Company's common stock.

After the spin-off, the Company's common stock will continue to be listed and traded on the NYSE American under the symbol "LGL." The Mtron Common Stock is expected to be listed on the NYSE American under the symbol "MPTI." We cannot assure you that the combined value of the Company's common stock and Mtron Common Stock after the spin-off will be equal to or greater than the value of the Company's common stock prior to the spin-off. Until the market has fully evaluated the business of the Company without the business of Mtron, the value of the Company's common stock may fluctuate significantly. Similarly, until the market has fully evaluated the business of Mtron, the value of Mtron Common Stock may fluctuate significantly.

Risks Relating to Mtron Common Stock

There is no existing market for Mtron Common Stock and an active trading market may not develop or be sustained after the spin-off. If the price of Mtron Common Stock fluctuates significantly following the spin-off, stockholders could incur substantial loss of their investment.

There currently is no public market for Mtron Common Stock and there can be no assurance that an active trading market will develop as a result of the spin-off or be sustained in the future. The lack of an active market may make it more difficult for you to sell your stock and could lead to the price of the stock being depressed or more volatile. The price at which Mtron Common Stock may trade after the spin-off cannot be predicted. The price of Mtron Common Stock could fluctuate widely in response to:

- our quarterly and annual operating results;
- changes in our business and the market's perception of our business;
- changes in the businesses, earnings estimates or market perceptions of our competitors or customers;
- changes in our key personnel;
- changes in general market or economic conditions; and
- changes in the legislative or regulatory environment.

In addition, the stock market has at times experienced extreme price and volume fluctuations that have significantly affected the quoted prices of securities. The changes often appear to occur without regard to specific operating performance. The price of Mtron Common Stock could fluctuate based upon factors that have little or nothing to do with our business or our performance, and these fluctuations could materially reduce the price of Mtron Common Stock.

Substantial sales of Mtron Common Stock may occur in connection with the spin-off, which could cause the price of the common stock to decline.

Other than stockholders that are affiliates of the Company, stockholders of the Company receiving shares of Mtron Common Stock in the distribution generally may sell those shares immediately in the public market. The Company's stockholders may decide to sell the shares received in the distribution for any reason, including if, among other things, if Mtron Common Stock does not fit their investment objectives. Sales of significant amounts of Mtron Common Stock or a perception in the market that such sales will occur may reduce the market price of the stock.

Mario J. Gabelli's and Marc J. Gabelli's stock ownership position may adversely affect the market price of Mtron Common Stock.

Mario J. Gabelli and Marc J. Gabelli will have the same beneficial ownership and voting interest in Mtron immediately following the spin-off as they have with respect to the Company immediately prior to the spin-off; they will beneficially own 1,042,612 and 844,883 shares, respectively, which in the aggregate represents 35.2% of the total outstanding shares of the Company's common stock. The Company's officers, directors and 10% or greater stockholders control approximately 38.7% of the voting power of the outstanding shares of the Company' common stock. These Company stockholders will have the same voting power with respect to Mtron and will have a significant influence in the election of directors and the vote on any other matter presented for approval by our stockholders. This concentration of ownership may have the effect of delaying or preventing a change in control and might adversely affect the market price of Mtron Common Stock. This concentration of ownership may not be in the best interests of all of our stockholders.

Provisions in our corporate charter documents and under Delaware law could make an acquisition of the Company more difficult, which acquisition may be beneficial to our stockholders.

Provisions in our certificate of incorporation and by-laws, as well as provisions of the Delaware General Corporation Law ("DGCL"), may discourage, delay or prevent a merger, acquisition or other change in control of the Company, even if such a change in control would be beneficial to our stockholders. These provisions include prohibiting our stockholders from fixing the number of directors and establishing advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors.

Additionally, Section 203 of the DGCL prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with Mtron for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. Mtron has not opted out of the restrictions under Section 203, as permitted under DGCL.

***Our certificate of incorporation will contain an exclusive forum provision, which could impair the ability of stockholders to obtain a favorable judicial forum for certain disputes with us or our directors, officers or other employees and be cost-prohibitive to stockholders*.**

Our certificate of incorporation will contain an exclusive forum provision which provides that, unless our board of directors consents to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery of the State of Delaware lacks jurisdiction over an action or proceeding, then another court of the State of Delaware or, if no court of the State of Delaware has jurisdiction, then the United States District Court for the District of Delaware) will be the sole and exclusive forum for "Covered Proceedings," which include: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees, agents and stockholders to us or our stockholders; (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or bylaws; and (iv) any action asserting a claim governed by the internal affairs doctrine of the State of Delaware. To the extent within the categories set forth in the preceding sentence, Covered Proceedings include causes of action under the Securities Act. The exclusive forum provision will also provide that if any Covered Proceeding is filed in a court other than a court located within the State of Florida in the name of any stockholder, then such stockholder shall be deemed to have consented to (a) the personal jurisdiction of the state and federal courts located within the State of Florida in connection with any action brought in any such court to enforce the exclusive forum provision and (b) having service of process made upon such stockholder in any such enforcement action by service upon such stockholder's counsel in the action as agent for such stockholder. Notwithstanding the foregoing, stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

The exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees or be cost-prohibitive to stockholders, which may discourage such lawsuits against us and our directors, officers and other employees. However, there is uncertainty regarding whether a court would enforce the exclusive forum provision. If a court were to find the exclusive forum provision to be inapplicable or unenforceable in an action, Mtron may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our financial condition and operating results.

***We do not plan to pay dividends on our common stock*.**

Our dividend policy will be established by our board of directors based on our financial condition, results of operations and capital requirements, as well as other business considerations that the board considers relevant. Further, the terms of our indebtedness may limit or prohibit the payments of dividends. We do not currently anticipate paying any cash dividends for the foreseeable future.

Utilizing the reduced disclosure requirements applicable to Mtron may make Mtron Common Stock less attractive to investors.

Mtron qualifies as an "emerging growth company" and is therefore eligible to utilize certain reduced reporting and other requirements that are otherwise applicable generally to public companies. Pursuant to these reduced disclosure requirements, Mtron is not required to, among other things, provide certain disclosures regarding executive compensation, hold stockholder advisory votes on executive compensation or obtain stockholder approval of any golden parachute payments, and Mtron has reduced financial disclosure obligations. Mtron may remain an emerging growth company for up to five full fiscal years following the spin-off. Mtron would cease to be an emerging growth company, and, therefore, become ineligible to rely on the above exemptions, if it (a) has more than $1.07 billion in annual revenue in a fiscal year, (b) issue more than $1 billion of non-convertible debt over a three-year period or (c) become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur after: (i) we have filed at least one annual report; (ii) we have been an SEC-reporting company for at least 12 months; and (iii) the market value of Mtron Common Stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter (June 30). We cannot predict if investors will find Mtron Common Stock less attractive because we may rely on these exemptions.

Mtron also qualifies as a "smaller reporting company" under the Exchange Act in which case Mtron would be eligible to utilize the reduced disclosure requirements available to smaller reporting companies even after Mtron ceases to be an emerging growth company. The reduced disclosure requirements available to smaller reporting companies are similar to those available to emerging growth companies, including reduced financial and executive compensation disclosures. Under current SEC rules, Mtron will be a smaller reporting company if, as of the end of the second fiscal quarter following the completion of the spin-off (the quarter ending June 30, 2022 assuming the spin-off is completed prior to such date), the total market value of our common equity securities held by non-affiliates is less than $200 million.

Mtron intends to utilize the reduced reporting requirements and available exemptions for so long as we are permitted to do so. Investors may find Mtron Common Stock to be less attractive as a result of our utilization of the reduced disclosure requirements and exemptions, which may have a material, adverse effect on the trading market and market price of Mtron Common Stock.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This information statement and other materials that Mtron has filed, or will file, with the SEC contain, or will contain, "forward-looking statements." Forward-looking statements are those that do not relate strictly to historical or current facts and can be identified by use of words such as "anticipates," "estimates," "expects," "intends," "plans," "believes," "will," "should," "would," "may," "could" or the negative of these terms or similar expressions or future or conditional verbs. Forward-looking statements include, among others, statements relating to our future financial performance, business prospects and strategy, anticipated financial position, liquidity and capital needs, market potential, and other events or developments that Mtron expects or anticipates will occur in the future and statements expressing general views about future operating results or conditions. These statements are based on management's current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are impossible or difficult to predict. Our actual results may differ materially from those expressed in, or implied by, the forward-looking statements as a result of various factors, including, without limitation, those set forth below.

With respect to Mtron generally, the various factors include, but are not limited to:

- risks and uncertainties relating to public health issues, including, in particular, the COVID-19 pandemic, as it is not currently possible to accurately assess the expected duration and effects of the pandemic on our business (these include required closures of retail locations, business restrictions, "shelter in place" and "stay at home" orders and advisories, volatility in the global and national economies and equity, credit, and commodities markets, worker absenteeism, quarantines, and other health-related restrictions; the duration and severity of the COVID-19 pandemic and the impact on demand for our products and services, levels of business confidence, and supply chains; actions governments, businesses, and individuals take in response to the pandemic and their impact on economic activity and business investment and spending, which will impact our ability to successfully carry out business operations; the pace of recovery when the COVID-19 pandemic subsides; competitive conditions; our liquidity and the availability of capital; the effects and duration of steps Mtron takes in response to the COVID-19 pandemic; the risk of heightened litigation as a result of actions taken in response to the COVID-19 pandemic; and the impact of the COVID-19 pandemic on businesses, and their views towards the industries in which Mtron operates);
- risks and uncertainties affecting us and our results, operations, markets, products, services and business strategies, and the risks and uncertainties associated with our ability to successfully implement our currently anticipated plans, and our ability to generate earnings under the current business strategy;
- risks associated with acquisitions, asset or subsidiary dispositions, or debt or equity financings which Mtron may consider or pursue from time to time;
- risks of cybersecurity threats, including the potential misappropriation of assets or confidential information, corruption of data or operational disruptions;
- the updating of, and developments with respect to, technology, including the cost involved in updating our technology and the impact that any failure to keep pace with developments in technology could have on our operations or competitive position and our information technology expenditures may not result in the expected benefits;
- our ability to compete effectively in the highly competitive industries in which it operates;
- our ability to maintain the integrity of internal or customer data, the failure of which could result in damage to our reputation and/or subject us to costs, fines or lawsuits;
- our relationships with key customers and suppliers may be materially diminished or terminated;
- the preparation of financial statements in accordance with GAAP involves making estimates, judgments and assumptions, and any changes in estimates, judgments and assumptions used could have a material adverse impact on the financial condition and operating results of us or our subsidiaries;
- the impact on our combined financial statements and internal control over financial reporting of the adoption of new accounting standards;
- audits of our or our subsidiaries' federal or state tax returns, including that they may result in the imposition of additional taxes;
- damage to the reputation of Mtron or any of its subsidiaries could harm our business, financial condition and results of operations;

- our business is subject to various governmental regulations, laws and orders, compliance with which may cause Mtron to incur significant expenses, and any noncompliance could subject Mtron to civil or criminal penalties or other liabilities;
- the outcome of litigation, inquiries, investigations, examinations or other legal proceedings is inherently uncertain and could subject Mtron to significant monetary damages or restrictions on our ability to do business;
- environmental liabilities and their impact on our financial condition and operating results;
- risks that natural disasters and other acts of god may adversely impact our financial condition and operating results; and
- any damage to physical assets or interruption of access to physical assets or operations resulting from public health issues, such as the recent coronavirus outbreak, or from hurricanes, earthquakes, fires, floods, windstorms or other natural disasters, which may increase in frequency or severity due to climate change or other factors.

Risks and uncertainties related to the spin-off include, but are not limited to:

- the risk that some or all of the anticipated benefits related to the spin-off may not be achieved when or to the extent expected, or at all;
- the risk that Mtron may need additional capital in the future; however, such capital may not be available to Mtron on reasonable terms, if at all;
- our historical and pro forma financial information is not necessarily representative of the results Mtron would have achieved as a separate, publicly-traded company and may not be a reliable indicator of its future results;
- the spin-off could give rise to disputes or other unfavorable effects, which could have a material adverse effect on our business, financial position and results of operations; and
- Mtron and the Company may be required to indemnify each other for certain liabilities; however, there can be no assurance that any indemnities from the Company will be sufficient to insure Mtron against the full amount of such liabilities or that the Company's ability to satisfy its indemnification obligations will not be impaired in the future, and any indemnification obligations Mtron may have could materially adversely affect our results and financial condition;
- no market for Mtron Common Stock currently exists and an active trading market may not develop or be sustained after the spin-off and the price of Mtron Common Stock, once publicly-traded, may be volatile, including until the public is able to fully analyze our business, operations and results separate from the Company; and
- adverse conditions in the stock market, the public debt market and other capital markets or the economy generally, and the impact of such conditions on our activities and results, and the price and liquidity of Mtron Common Stock.

In addition to the foregoing, reference is made to the other risks and uncertainties inherent to our business and activities, including those discussed under "Risk Factors" and elsewhere in this information statement. These and other factors disclosed in this information statement are not necessarily all of the important factors that could cause our actual results to differ materially from those expressed in or implied by any of the forward-looking statements. Other unknown or unpredictable factors could cause our actual results to differ materially from those expressed in or implied by any of the forward-looking statements. Given these uncertainties, you are cautioned not to place undue reliance on forward-looking statements. These statements should be considered only after carefully reading this entire information statement and in conjunction with the other information contained herein.

The forward-looking statements contained in this information statement are made only as of the date of this information statement. Except to the extent required by law, we do not undertake, and specifically disclaim any obligation, to update any forward-looking statements or to publicly announce the results of any revisions to any of such statements, including to reflect future events or developments. In addition, past performance may not be indicative of future results, and comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, and all such information should only be viewed as historical data.

You should read this information statement and the materials that we reference in this information statement and have filed with the SEC as exhibits to the registration statement on Form 10, of which this information statement is a part, with the understanding that our actual future results, levels of activity, performance, and events and circumstances may be materially different from what we expect. We qualify all forward-looking statements by these cautionary statements.

THE SPIN-OFF

Reasons for the Spin-off

The Company's Board of Directors has determined that the separation of Mtron from the Company is in the best interests of the Company's stockholders. The Company's Board of Directors believes that the separation will, among other things:

- allow each company to pursue its own distinct business strategy and optimal capital allocation policy, independent of the other, which would better position each company to maximize value over the long-term;
- permit each company to tailor its strategic plans and pursue growth opportunities consistent with the key commercial markets served by each company, respectively;
- enable each company to more efficiently raise and allocate capital, including through debt or equity offerings, based on the fundamentals of their separate business;
- provide each company with greater flexibility to use stock as a currency for mergers, acquisitions and joint ventures;
- provide the Company's current stockholders with equity investments in two separate, publicly traded companies, including that reflect risks and prospects of their underlying respective businesses; and
- enable investors to make investment decisions based on each company's individual performance and potential, and enhance the likelihood that the market will value each company appropriately.

Mechanics of the Spin-off

The Company is the owner of all of the issued and outstanding shares of Mtron Common Stock. The spin-off will be effected through the pro rata distribution by the Company to its stockholders of 100% of the shares of Mtron Common Stock held by the Company. As a stockholder of the Company, you will receive one share of Mtron Common Stock for each share of the Company's common stock held of record by you as of 5:00 P.M., Eastern time, on May 6, 2022 (such time and date being referred to as the "record date" for the distribution). The spin-off will not impact your holdings of the Company's common stock and, accordingly, your proportionate interest in the Company will not change as a result of the spin-off. The distribution is intended to be tax-free for U.S. federal income tax purposes. See "Material U.S. Federal Income Tax Consequences of the Spin-Off" below.

Based on the number of shares of the Company's common stock expected outstanding as of the record date, we expect that 5,360,470 shares of Mtron Common Stock will be distributed in the spin-off. However, the actual number of shares of Mtron Common Stock to be distributed in the spin-off will be determined based on the actual number of shares of the Company's common stock outstanding as of the record date.

On or before the distribution date, the Company will release the shares of Mtron Common Stock to the distribution agent to distribute to the Company's stockholders. The shares will be distributed in book-entry form, which means that no physical share certificates will be issued. We expect that it may take the distribution agent up to one week following the distribution date to electronically issue shares of Mtron Common Stock to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form.

No stockholder will be required to pay any consideration, exchange or surrender its existing shares of the Company's common stock or take any other action to receive their shares of Mtron Common Stock. However, the Company is seeking the approval of its stockholders in order to effect the spin-off in the contemplated manner. The Company intends to hold a special meeting of its stockholders to approve these actions and has distributed a separate proxy statement which contains information regarding the proposed spin-off and name change and the special meeting. Completion of the spin-off is conditioned upon stockholder approval of the spin-off and certain other conditions described below.

Relationship between Mtron and the Company

The separation of businesses of Mtron and the Company in connection with the spin-off and the relationship between Mtron and the Company following the spin-off will be governed by a Separation and Distribution Agreement, a Transitional Administrative and Management Services Agreement, and a Tax Indemnity and Sharing Agreement, each as entered into between Mtron and the Company in connection with the spin-off. These agreements are intended to facilitate the separation of businesses between the

Company and Mtron in connection with the spin-off and the operation of Mtron and the Company as separate companies after the spin-off. The following is a summary of the Separation and Distribution Agreement and Transitional Administrative and Management Services Agreement. The summaries are not complete and are qualified in their entirety by reference to the actual agreements or instruments, copies of which are filed as exhibits to the registration statement on Form 10, of which this information statement forms a part. We encourage you to read the full text of these agreements.

Separation and Distribution Agreement

The Separation and Distribution Agreement (the "Separation Agreement") will contain the key provisions relating to the separation of our business from that of the Company and the distribution of the Mtron Common Stock. The Separation Agreement will identify the assets to be transferred, liabilities to be assumed and contracts to be assigned to us by the Company and by us to the Company in the spin-off and describe when and how these transfers, assumptions and assignments will occur. The Separation Agreement will also include procedures by which the Company and we will become separate and independent companies. In addition, we will enter into certain ancillary agreements with the Company governing various interim and ongoing relationships between the Company and us following the distribution date. These ancillary agreements include a Transitional Administrative and Management Services Agreement and several other agreements with the Company.

We and the Company intend to execute the Separation Agreement and the ancillary agreements on or before the distribution date; however, they will not be effective until the distribution date. The Separation Agreement may be amended if both parties agree in writing.

Recapitalization and Separation

The Separation Agreement will provide that, subject to the terms and conditions contained in the Separation Agreement and before the distribution,

- Mtron and the Company will cause a recapitalization of Mtron by means of stock split or stock dividend such that after the record date and before the distribution date the number of shares of Mtron Common Stock issued and outstanding immediately before the distribution date will equal the number of shares of the Company's common stock issued and outstanding as of the record date, which Mtron Common Stock owned by the Company will constitute all of the issued and outstanding capital stock of Mtron.
- the Company will take, and will cause Mtron to take, all actions necessary to, as of the distribution date, amend and restate Mtron's certificate of incorporation and Mtron's bylaws

Distribution of Shares

The Company will distribute to its stockholders all the shares of Mtron Common Stock that it owns on the terms described in this information statement. The Company's obligation to consummate the distribution is subject to the following conditions:

- the stockholders of the Company approved at a special meeting of stockholders the transfer of substantially all assets of the Company pursuant to the Separation and Distribution Agreement in accordance with the General Corporation Law of the State of Delaware;
- the SEC has declared effective our registration statement on Form 10, of which this information statement is a part, under the Exchange Act, with no stop order in effect with respect to the Form 10;
- this information statement shall have been mailed to the holders of the Company's common stock;
- the actions and filings, if any, necessary under securities and blue sky laws of the states of the United States and any comparable laws under any foreign jurisdictions must have been taken and become effective;
- the approval for listing of the Mtron Common Stock on the NYSE American, subject to official notice of issuance, shall have been obtained;
- no order, injunction, decree or regulation issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the spin-off will be in effect and no other event outside the Company's control will have occurred or failed to occur that prevents the consummation of the spin-off; and
- no event or development has occurred or exists that, in the judgment of the Company's Board, in its sole discretion, makes the spin-off inadvisable.

Mutual Release

As of the time of the distribution, each party will release the other party and their respective affiliates and their directors, officers, employees and agents from all claims, demands and liabilities, in law and in equity, against such other party, which such releasing party has or may have had relating to events, circumstances or actions taken by such other party prior to the distribution. This release does not apply to claims arising from the Separation Agreement.

Indemnification

From and after the distribution, the Company will indemnify Mtron and its directors, officers, employees, agents and affiliates (collectively, the "Mtron indemnitees") against all losses, liabilities and damages incurred or suffered by any of the Mtron indemnitees arising out of:

- the Company's business;
- the failure or alleged failure of the Company or any of its subsidiaries to pay, perform or otherwise discharge in due course any of Company liabilities;
- a breach by the Company of any of its obligations under the Separation Agreement; and
- any untrue statement or alleged untrue statement of a material fact: (i) contained in any document filed with the SEC by the Company pursuant to any securities rule, regulation or law, (ii) otherwise disclosed by the Company or its subsidiaries to investors or potential investors in the Company or its subsidiaries or (iii) furnished to any Mtron indemnitee by the Company or any of its subsidiaries for inclusion in any public disclosures to be made by any Mtron indemnitee; or any omission or alleged omission to state in any information described in clauses (i), (ii) or (iii) a material fact necessary to make the statements not misleading. The indemnity described in this paragraph will be available only to the extent that Mtron losses are caused by any such untrue statement or omission or alleged untrue statement or omission, and the information which is the subject of such untrue statement or omission or alleged untrue statement or omission was not supplied after the distribution by Mtron or its agent.

From and after the distribution, Mtron will indemnify the Company and its directors, officers, employees, agents and affiliates (collectively, "Company indemnitees") against all losses, liabilities and damages incurred or suffered by any of the Company indemnitees arising out of:

- Mtron's business;
- the failure or alleged failure of Mtron or any of its subsidiaries to pay, perform or otherwise discharge in due course any of Mtron liabilities;
- a breach by Mtron of any of its obligations under the Separation Agreement; and
- any untrue statement or alleged untrue statement of a material fact: (i) contained in any document filed with the SEC by Mtron following the distribution pursuant to any securities rule, regulation or law, (ii) otherwise disclosed following the distribution by Mtron or its subsidiaries to investors or potential investors in Mtron or its subsidiaries or (iii) furnished to any Company indemnitee by Mtron or any of its subsidiaries for inclusion in any public disclosures to be made by any Company indemnitee; or any omission or alleged omission to state in any information described in clauses (i), (ii) or (iii) a material fact necessary to make the statements not misleading. The indemnity described in this paragraph will be available only to the extent that Company losses are caused by any such untrue statement or omission or alleged untrue statement or omission, and the information which is the subject of such untrue statement or omission or alleged untrue statement or omission was not supplied by the Company or its agent.

Further Assurances

Each of the parties will agree to cooperate with the other and use commercially reasonable efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary under applicable law or contractual obligations to consummate and make effective the transactions contemplated by the Separation Agreement and the ancillary agreements.

Other Matters

Other matters governed by the Separation Agreement include, without limitation, access to financial and other records and information, confidentiality and resolution of disputes between the parties relating to the Separation Agreement, the ancillary agreements and the agreements and transactions contemplated thereby.

Transitional Administrative and Management Services Agreement

Concurrently with our separation from the Company, we will enter into the Transitional Administrative and Management Services Agreement (the "Transitional Services Agreement") pursuant to which the Company will provide Mtron with a variety of services, and Mtron will provide payroll services to the Company, following the spin-off. Among the principal services that the Company will provide to us are:

- accounting, financial reporting and consolidation services;

- treasury services, including, without limitation, insurance and risk management services and administration of benefits; and

- tax planning, tax return preparation, recordkeeping and reporting services.

In providing the services pursuant to the Transitional Services Agreement, the Company may, subject to the prior written consent of Mtron, employ consultants and other advisers in addition to utilizing its own employees. In addition, Mr. Tivy, our chief accounting officer, will directly or indirectly supervise employees of Mtron that may provide services to the Company pursuant to the Transitional Services Agreement.

Services provided by the Company to Mtron or by Mtron to the Company under the Transitional Services Agreement will be charged at the rates indicated, or cost, where no rates are indicated.

The Transitional Services Agreement has a term of twelve months, and may be extended in whole or in part by agreement of the parties. The Transitional Services Agreement is terminable by either party on 30 days' prior written notice to the other party.

Trading of Mtron Common Stock

The Company will own all of the outstanding shares of Mtron Common Stock prior to the spin-off. Accordingly, there is no current trading market for Mtron Common Stock. The Mtron Common Stock has been approved for listing on the NYSE American, under the symbol "MPTI". The Company expects that the Mtron Common Stock will be listed on the NYSE American on or promptly after the distribution date. However, there are no assurances that an active public market for Mtron Common Stock will develop or be sustained after the distribution. If an active public market does not develop or is not sustained, it may be difficult for our stockholders to sell their shares of Mtron Common Stock at a price that is attractive to them, or at all.

It is expected that a limited trading in the over-the-counter market, commonly known as a "when-issued" trading market, for shares of Mtron Common Stock will begin one trading day before the record date. "When-issued" trading refers to a transaction made conditionally because the security has been authorized but not yet issued. Generally, shares may trade in the over-the-counter on a "when-issued" basis after they have been authorized but not yet formally issued, which is often initiated by participants in the over-the-counter market prior to the record date relating to the issuance of such shares. Any "when-issued" transactions in Mtron Common Stock will be settled after the shares of Mtron Common Stock have been issued to the Company's stockholders. It is expected that "when-issued" trading in Mtron Common stock will end and "regular way" trading will begin on the first trading day following the distribution date. "Regular way" trading refers to trading after a security has been issued.

We cannot predict the trading prices for Mtron Common Stock when trading begins. Those prices will be determined by the marketplace. Prices at which trading in Mtron Common Stock occurs may fluctuate significantly. Trading prices for Mtron Common Stock may be influenced by many factors, including our operating results, investor perception of Mtron, market fluctuations and general economic conditions. In addition, the stock market in general has experienced extreme price and volume fluctuations that have affected the performance of many stocks and that have often been unrelated or disproportionate to the Company's operating performance. These are just some of the factors that may adversely affect the market price of Mtron Common Stock. See "Risk Factors" for further discussion of risks which may impact Mtron and the trading price of its common stock.

Shares of Mtron Common Stock received by the Company's stockholders in connection with the spin-off will be freely transferable, except for shares received by persons who may be deemed to be our affiliates under the Securities Act. The Company's stockholders that receive shares of Mtron Common Stock in the spin-off and are deemed affiliates of Mtron will be permitted to sell their shares of Mtron Common Stock only pursuant to an effective registration statement under the Securities Act or in accordance with Rule 144 of the Securities Act or another exemption from the registration requirements of the Securities Act.

Trading of the Company's common stock Between the Record Date and the Distribution Date

The Company's common stock is listed on the NYSE American under the trading symbol "LGL". It is anticipated that, beginning on the record date and continuing until the time of the distribution, there will be two markets in shares of the Company's common stock on the NYSE American: a "regular-way" market and an "ex-distribution" market. Shares of the Company's common stock that trade on the "regular-way" market will trade with an entitlement to the shares of Mtron Common Stock to be distributed in the spin-off in respect thereof. Shares of the Company's common stock that trade on the "ex-distribution" market will trade without an entitlement to shares of Mtron Common Stock. Therefore, if a stockholder sells shares of the Company's common stock in the "regular-way" market on or prior to the time of the distribution, such stockholder will also be selling the right to receive the shares of Mtron Common Stock that such stockholder would have otherwise received in the spin-off in respect of the shares of the Company's common stock being sold. If a stockholder owns shares of the Company's common stock on the record date and sells those shares on the "ex-distribution" market on or prior to the time of the distribution, such stockholder will continue to be entitled to receive the shares of Mtron Common Stock which are distributed in the spin-off in respect of the shares of the Company's common stock being sold.

Material U.S. Federal Income Tax Consequences of the Spin-Off

The following is a discussion of material U.S. federal income tax consequences of the distribution of Mtron Common Stock to "U.S. holders" (as defined below) of the Company's common stock. This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury Regulations promulgated thereunder, rulings and other administrative pronouncements issued by the Internal Revenue Service (the "IRS"), and judicial decisions, all as in effect on the date of this information statement, and all of which are subject to change at any time, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. This discussion applies only to U.S. holders of shares of the Company's common stock who hold such shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion is based upon the assumption that the distribution, together with certain related transactions, will be consummated in accordance with the separation documents and as described in this information statement. This summary is for general information only and is not tax advice. It does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of its particular circumstances or to holders subject to special rules under the Code (including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, partners in partnerships that hold the Company's common stock, pass-through entities, traders in securities who elect to apply a mark-to-market method of accounting, shareholders who hold the Company's common stock as part of a "hedge," "straddle," "conversion," "synthetic security," "integrated investment" or "constructive sale transaction," individuals who receive the Company's common stock upon the exercise of employee stock options or otherwise as compensation, holders who are liable for alternative minimum tax or any holders who actually or constructively own more than 5% of the Company's common stock). This discussion also does not address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, nor does it address any tax considerations under state, local or foreign laws or U.S. federal laws other than those pertaining to the U.S. federal income tax.

If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds the Company's common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. An investor that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the separation and distribution.

For purposes of this discussion, a "U.S. holder" is any beneficial owner of the Company's common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust, if (a) a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (b) it has a valid election in place under applicable Treasury Regulations to be treated as a United States person.

THE FOLLOWING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE SEPARATION AND DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS.

The Company has not sought and does not intend to seek a ruling from the IRS with respect to the treatment of the distribution and certain related transactions for U.S. federal income tax purposes and there can be no assurance that the IRS will not assert that the distribution is taxable. The Company believes that the distribution of Mtron Common Stock to effect the spin-off is a transaction that is generally tax-free under Sections 355 and 368(a)(1)(D) of the Code. The Company does not plan to obtain an opinion of tax counsel or other tax advisors with respect to the distribution.

Notwithstanding the Company's intention to treat the spin-off as tax-free for U.S. federal income tax purposes, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in asserting this position, the Company, Mtron and the Company's stockholders could be subject to significant U.S. federal income tax liability. Please refer to "Material U.S. Federal Income Tax Consequences if the Distribution is Taxable" below.

Material U.S. Federal Income Tax Consequences if the Distribution Qualifies as a Transaction that is Generally Tax-Free Under Sections 355 and Sections 368(a)(1)(D) of the Code

Assuming the distribution qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, the U.S. federal income tax consequences of the distribution are as follows:

- no gain or loss will be recognized by, and no amount will be includible in the income of the Company as a result of the distribution;
- no gain or loss will be recognized by (and no amount will be included in the income of) U.S. holders of the Company's common stock upon the receipt of Mtron Common Stock in the distribution, except with respect to any cash received in lieu of fractional shares of Mtron Common Stock (as described below);
- the aggregate tax basis of the Company's common stock and the Mtron Common Stock received in the distribution (including any fractional share interest in Mtron Common Stock for which cash is received) in the hands of each U.S. holder of the Company's common stock immediately after the distribution will equal the aggregate basis of the Company's common stock held by the U.S. holder immediately before the distribution, allocated between the Company's common stock and Mtron Common Stock (including any fractional share interest in Mtron Common Stock for which cash is received) in proportion to the relative fair market value of each on the date of the distribution; and
- the holding period of Mtron Common Stock received by each U.S. holder of the Company's common stock in the distribution (including any fractional share interest in Mtron Common Stock for which cash is received) will generally include the holding period at the time of the distribution for the Company's common stock with respect to which the distribution is made.

If a U.S. holder of the Company's common stock holds different blocks of the Company's common stock (generally shares of the Company's common stock purchased or acquired on different dates or at different prices), such holder should consult its tax advisor regarding the determination of the basis and holding period of shares of Mtron Common Stock received in the distribution in respect of particular blocks of the Company's common stock.

Material U.S. Federal Income Tax Consequences if the Distribution is Taxable

As discussed above, the Company has not sought and does not intend to seek a ruling from the IRS with respect to the treatment of the distribution for U.S. federal income tax purposes. Notwithstanding the Company's intention to treat the distribution as tax-free for U.S. federal income tax purposes, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in asserting this position, some or all of the consequences described above would not apply and the Company, Mtron and the Company's stockholders could be subject to significant U.S. federal income tax liability. In addition, certain events that may or may not be within the control of the Company or Mtron could cause the distribution not to qualify for tax-free treatment for U.S. federal income tax purposes.

If the distribution fails to qualify as a tax-free transaction for U.S. federal income tax purposes under Section 355 and Section 368(a)(1)(D) of the Code, in general, the Company would recognize taxable gain as if it had sold the Mtron Common Stock in a taxable sale for its fair market value (unless the Company and Mtron jointly make an election under Section 336(e) of the Code with respect to the distribution, in which case, in general, (a) the Company would recognize taxable gain as if Mtron had sold all of its assets in a taxable sale in exchange for an amount equal to the fair market value of the Mtron Common Stock and the assumption of all Mtron liabilities and (b) Mtron would obtain a related step up in the basis of its assets) and the Company's stockholders who receive Mtron Common Stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Even if the distribution were to otherwise qualify as tax-free under Sections 355 and 368(a)(1)(D) of the Code, it may result in taxable gain to the Company under Section 355(e) of the Code if the distribution were later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50% or greater interest (by vote or value) in the Company or Mtron. For this purpose, any acquisitions of the Company or Mtron shares within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although Mtron or the Company may be able to rebut the presumption depending on the circumstances.

In connection with the distribution, Mtron and the Company will enter into a Tax Indemnity and Sharing Agreement pursuant to which Mtron will be responsible for certain liabilities and obligations following the distribution. In general, under the terms of the tax matters agreement, if the distribution, together with certain related transactions, were to fail to qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code (including as a result of Section 355(e) of the Code) if such failure were the result of actions taken after the distribution by the Company or Mtron, then the party responsible for such failure will be responsible for all taxes imposed on the Company to the extent such taxes result from such actions. For a discussion of the tax matters agreement, see "*Certain Relationships and Related Person Transactions—Tax Matters Agreement*." Mtron's indemnification obligations to the Company under the tax matters agreement are not expected to be limited in amount or subject to any cap. If Mtron is required to indemnify the Company and its subsidiaries and their respective officers and directors under the circumstances set forth in the tax matters agreement, Mtron may be subject to substantial liabilities.

Backup Withholding and Information Reporting

Payments of cash to U.S. holders of the Company's common stock in lieu of fractional shares of Mtron Common Stock may be subject to information reporting and backup withholding (currently, at a rate of 24%), unless such U.S. holder delivers a properly completed IRS Form W-9 certifying such U.S. holder's correct taxpayer identification number and certain other information, or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against a U.S. holder's U.S. federal income tax liability provided that the required information is timely furnished to the IRS.

THE FOREGOING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE SEPARATION AND DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. THE FOREGOING DISCUSSION DOES NOT PURPORT TO ADDRESS ALL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE SEPARATION AND DISTRIBUTION OR TAX CONSEQUENCES THAT MAY ARISE UNDER THE TAX LAWS OF OTHER JURISDICTIONS OR THAT MAY APPLY TO PARTICULAR CATEGORIES OF STOCKHOLDERS. HOLDERS OF THE COMPANY'S COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS, AND THE EFFECT OF POSSIBLE CHANGES IN TAX LAWS THAT MAY AFFECT THE TAX CONSEQUENCES DESCRIBED ABOVE.

Reason for Furnishing this Information Statement

We are furnishing this information statement to you, as a stockholder of the Company entitled to receive shares of Mtron Common Stock in the spin-off, for the sole purpose of providing you with information about the spin-off and Mtron. This information statement is not, and you should not consider it, an inducement or encouragement to buy, hold or sell any securities of the Company or Mtron. We believe that the information in this information statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither the Company nor Mtron undertakes any obligation to update the information except as may be required by law.

DIVIDEND POLICY

In advance of the spin-off, Mtron is expected to declare and pay to the Company as its sole stockholder a special dividend in the amount of $3,104,000, to bring the cash balance to $1,500,000 upon the spin-off. Following the spin-off, dividends by Mtron will be at the discretion of our board of directors based on our financial condition, results of operations and capital requirements, and considerations that our board of directors consider relevant. In addition, the terms of agreements governing our indebtedness, whether existing at the time of the spin-off or subsequently entered into, may limit or prohibit dividend payments. It is currently expected that, for the foreseeable future following the spin-off, we will retain any earnings for use in the operation of our business. Accordingly, Mtron does not anticipate paying any cash dividends on our common stock for the foreseeable future.

CAPITALIZATION

The following table presents our cash and cash equivalents and capitalization as of December 31, 2021 on a historical basis and on a pro forma basis to give effect to the spin-off and the related transactions and events described in this information statement as if the spin-off and such related transactions and events had occurred on December 31, 2021. We are providing the following capitalization table for informational purposes only. You should not construe it as indicative of our capitalization or financial condition had the spin-off and the related transactions and events been completed on the date assumed. The capitalization table below also may not reflect the capitalization or financial condition that would have resulted had Mtron been operated as a separate company apart from the Company's organization at that date or our future capitalization or financial condition. You should read the table below in conjunction with the financial and other information included in the sections of this information statement entitled "Unaudited Pro Forma Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and with our historical financial statements and accompanying notes included elsewhere in this information statement.

		As of December 31, 2021	
		Actual	Pro Forma (Unaudited)
		(in thousands, except share amounts)	
Cash and cash equivalents	(1)	$ 2,635	$ 1,500
Related party balance:			
Due from related party	(2)	1,969	—
Total due from related party		1,969	—
Equity:			
Common Stock, par value $.01 per share; 30,000,000 shares authorized, 5,308,973 shares issued and outstanding, pro-forma	(3)	—	53
Paid-in capital	(3)	—	12,338
Net investment by LGL Group, Inc.	(3)	16,849	—
Total Equity		16,849	12,391
Total capitalization		$ 14,880	$ 12,391

(1) Reflects an expected cash amount of exactly $1,500,000 following the $3,104,000 expected dividend to LGL, which retires the $1,969,000 balance due from related party, with the balance of $1,135,000 deducted from the cash balance.
(2) Reflects that we will no longer have a related party receivable at the time of separation.
(3) At separation, LGL's net investment in us will be eliminated to reflect the distribution of our common stock to LGL's shareholders, at an exchange ratio of one share of our common stock for every share of LGL common stock.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following table presents selected historical financial data for the periods indicated below. We derived the selected historical financial data as of December 31, 2021 and 2020, and for each of the years in the two-year period ended December 31, 2021 and 2020, from our audited combined financial statements included elsewhere in this information statement.

The historical statements of operations reflect allocations of general corporate expenses from the Company, including, but not limited to, executive management, finance, legal, information technology, human resources, employee benefits administration, treasury, risk management and other shared services. These expenses have been allocated to Mtron on the basis of direct usage when identifiable, while the remainder of the expenses, including costs related to executive compensation, were allocated primarily on a pro-rata basis of combined revenues and equity in earnings of unconsolidated joint ventures of Mtron and its subsidiaries. Management considers these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, Mtron. The allocations may not, however, reflect the expenses Mtron would have incurred as a stand-alone public company for the periods presented. Actual costs that may have been incurred if Mtron had been a stand-alone public company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. The financial statements included in this information statement may not necessarily reflect our financial position, results of operations and cash flows as if Mtron had operated as a stand-alone public company during all periods presented. Accordingly, our historical results may not be a reliable indicator of its future performance or financial condition.

In presenting the financial data in conformity with GAAP, we are required to make estimates and assumptions that affect the amounts reported. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies” included elsewhere in this information statement for a detailed discussion of the accounting policies that management believes require subjective and complex judgments that could potentially affect reported results.

You should read the selected historical financial data in conjunction with our audited combined financial statements included elsewhere in this information statement and the financial and other information contained in the sections of this information statement entitled “Unaudited Pro Forma Financial Statements,” “Capitalization” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	Fiscal Year Ended	
	December 31, 2021	**December 31, 2020**
Summary of Operations	(in thousands, except for percentage of revenues)	
Revenues	$ 26,694	$ 29,984
Gross Margin	9,336	10,296
Gross Margin % of revenues	35.0%	34.3%
Operating Income	2,114	3,030
Net Income	1,582	2,310
Other Financial Information		
Cash and Cash Equivalents	$ 2,635	$ 2,456
Total Assets	20,006	17,918
Working Capital	9,081	8,930
Net Cash Provided by Operating Activities	2,960	3,906
Capital Expenditures	1,099	407
Equity	16,849	14,974

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The unaudited pro forma combined financial statements set forth below have been derived from our historical annual financial statements, including our audited combined balance sheet as of December 31, 2021, and our audited combined statement of operations for the year ended December 31, 2021, which are included elsewhere in this information statement. Our historical combined financial statements include allocations of certain expenses from the Company, including expenses for costs related to functions such as tax, accounting, general management, executive services and centrally managed employee benefit arrangements.

The unaudited pro forma combined financial statements consist of an unaudited pro forma combined statement of operations for the year ended December 31, 2021 and an unaudited pro forma combined balance sheet as of December 31, 2021. The unaudited pro forma combined financial statements should be read in conjunction with our historical audited combined financial statements and the related notes, "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this information statement. The unaudited pro forma combined statement of operations has been prepared to give effect to the Pro Forma Transactions (as defined below) as if the Pro Forma Transactions had occurred or became effective as of January 1, 2021, the beginning of our most recently completed fiscal year. The unaudited pro forma combined balance sheet has been prepared to give effect to the Pro Forma Transactions as though the Pro Forma Transactions had occurred as of December 31, 2021. The unaudited pro forma combined financial statements constitute forward-looking information and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Special Note Regarding Forward-Looking Statements."

The unaudited pro forma combined financial statements presented below have been derived from our historical audited combined financial statements included elsewhere in this information statement and do not purport to represent what our financial position and results of operations would have been had the separation of Mtron from the Company occurred on the dates indicated and are not necessarily indicative of our future financial position and future results of operations. In addition, the unaudited pro forma combined financial statements are provided for illustrative and informational purposes only. The pro forma adjustments are based on available information and assumptions we believe are reasonable; however, such adjustments are subject to change.

The Company did not account for us as, and we were not operated as, an independent, publicly traded company for the periods presented. Our unaudited pro forma combined financial statements have been prepared to reflect adjustments to our historical audited combined financial statements that are (1) directly attributable to the Pro Forma Transactions; (2) factually supportable; and (3) with respect to the unaudited pro forma statement of operations, expected to have a continuing impact on our results of operations. The unaudited pro forma combined financial statements have been adjusted to give effect to the following (the "Pro Forma Transactions"):

- The contribution by the Company of the companies that comprise Mtron and the retention by the Company of certain specified assets and liabilities reflected in our historical combined financial statements, in each case, pursuant to the Separation and Distribution Agreement;
- The anticipated post-separation capital structure, including: (i) the Mtron expected dividend to LGL; and (ii) the issuance of our common stock to holders of LGL common stock;
- The resulting elimination of LGL's net investment in us;
- Transaction costs specifically related to the separation; and
- The impact of, and transactions contemplated by, the Separation and Distribution Agreement, Tax Matters Agreement, Transition Services Agreement and other agreements related to the separation of Mtron from the Company and the provisions contained therein.

The operating expenses reported in our historical audited combined statements of operations include allocations of certain Company costs, including expenses for costs related to functions such as tax, accounting, general management, executive services and centrally managed employee benefit arrangements, and other related costs that benefit us.

As an independent, publicly traded company, we expect to incur additional recurring expenses. The significant assumptions involved in determining our estimates of the recurring costs of being an independent, publicly traded company include:

- Costs to perform financial reporting, tax, regulatory compliance, corporate governance, treasury, legal and investor relations activities;
- Compensation, including equity-based awards, and benefits with respect to new and existing positions; and
- Insurance premiums.

Incremental recurring expenses attributable to these additional activities are estimated to be approximately $850,000 before income taxes annually. A pro forma adjustment has not been made to the accompanying unaudited pro forma combined statement of income to reflect these additional expenses because they are projected amounts based on estimates that are not factually supportable.

Subject to the terms of the Separation and Distribution Agreement, the Company will pay all nonrecurring third-party costs and expenses related to the separation and incurred prior to the completion of the separation. Such nonrecurring amounts are expected to include third-party legal and accounting fees, and similar costs. After the completion of the separation, subject to the terms of the Separation and Distribution Agreement, the Transition Services Agreement and other agreements entered into between the Company and us in connection with the separation, all costs and expenses related to the separation incurred by either the Company or us will be borne by the party incurring the costs and expenses unless otherwise agreed between the Company and us.

Our retained cash balance is subject to adjustments prior to and following the completion of the Separation. The following unaudited pro forma combined balance sheet does not reflect any such adjustments, as the amounts are not currently determinable and would represent a financial projection.

MTRON BUSINESS OF THE LGL GROUP, INC.
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
As of December 31, 2021
(Dollars in Thousands, Except Share and Par Value Amounts)

	Historical	Pro Forma Adjustments		Pro Forma
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 2,635	$ (1,135)	(a)	$ 1,500
Accounts receivable, net of allowance of $131	3,995	—		3,995
Inventories, net	5,221	—		5,221
Prepaid expenses and other current assets	242	—		242
Total Current Assets	12,093	(1,135)		10,958
Property, Plant and Equipment				
Land	536	—		536
Buildings and improvements	4,869	—		4,869
Machinery and equipment	18,176	—		18,176
Gross property, plant and equipment	23,581	—		23,581
Less: accumulated depreciation	(20,199)	—		(20,199)
Net property, plant and equipment	3,382	—		3,382
Right-of-use lease asset	218	—		218
Due from related party	1,969	(1,969)	(b)	—
Intangible assets, net	152	—		152
Deferred income tax asset	2,187	(1,354)	(c)	833
Other assets	5	—		5
Total Assets	$ 20,006	$ (4,458)		$ 15,548
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable	$ 1,396	$ —		$ 1,396
Accrued compensation and commissions expense	1,213	—		1,213
Other accrued expenses	403	—		403
Total Current Liabilities	3,012	—		3,012
Long-term lease liability	145	—		145
Total Liabilities	3,157	—		3,157
Contingencies (Note N)				
Equity				
Common stock, $0.01 par value - 30,000,000 shares authorized; 5,308,973 shares issued and outstanding at December 31, 2021	—	53	(d)	53
Paid-in capital	—	12,338	(d)	12,338
Net investment by LGL Group, Inc.	16,849	(16,849)	(d)	—
Total Stockholders' Equity	16,849	(4,458)		12,391
Total Liabilities and Stockholders' Equity	$ 20,006	$ (4,458)		$ 15,548

See Notes to Unaudited Pro Forma Combined Financial Statements

MTRON BUSINESS OF THE LGL GROUP, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
Year Ended December 31, 2021
(Dollars in Thousands, Except Per Share Amounts)

		Historical	Pro Forma Adjustments		Pro Forma
REVENUES		$ 26,694	$ —		$ 26,694
Costs and expenses:					
Manufacturing cost of sales		17,358	—		17,358
Engineering, selling and administrative		7,222	—		7,222
OPERATING INCOME		2,114	—		2,114
Other Expense:					
Interest expense, net		(12)	—		(12)
Other expense, net		11	—		11
Total other expense, net		(1)	—		(1)
INCOME BEFORE INCOME TAXES		2,113	—		2,113
Income tax benefit		531	—		531
NET INCOME		$ 1,582	$ —		$ 1,582
Basic per share information:					
Weighted average number of shares used in basic earnings per share calculation				**(e)**	5,275,374
Basic pro forma net income per share				**(e)**	$ 0.30
Diluted per share information:					
Weighted average number of shares used in diluted earnings per share calculation				**(f)**	5,334,087
Diluted pro forma net income per share				**(f)**	$ 0.30

See Notes to Unaudited Pro Forma Combined Financial Statements

Notes to Unaudited Pro Forma Combined Financial Statements

(a) Represents an adjustment to reflect an expected dividend in the amount of $3,104,000 to the Company, less amounts contained within the intercompany receivable from the Company, as noted in note (b) below.

(b) At the time of the separation, we will no longer have amounts due from related party of $1,969,000. Accordingly, we have removed this amount from the unaudited pro forma combined balance sheet as of December 31, 2021.

(c) At the time of separation, the Company will retain the net liabilities associated with the uncertain tax positions related to its various tax filings and certain deferred tax assets relating to tax credits and net operating loss carryforwards.

(d) Reflects the reclassification of the Company's net investment in us, which was recorded in net investment by LGL, into paid-in capital and common stock to reflect the assumed issuance of 5,308,973 shares of our common stock with $0.01 par value per share pursuant to the Separation and Distribution Agreement immediately prior to the separation. We have assumed the number of outstanding shares of our common stock based on the number of shares of the Company's common stock outstanding on December 31, 2021 and a distribution ratio of one share of our common stock for each share of the Company's common stock.

(e) Pro forma basic earnings per share (EPS) and pro forma weighted average number of shares outstanding are based on the number of the Company's basic weighted average shares outstanding for the fiscal year ended December 31, 2021, reflecting the expected 1:1 distribution of our common stock.

(f) Pro forma diluted EPS and pro forma diluted weighted average number of shares outstanding are based on the number of basic shares of our common stock as described in Note (e) above. The actual dilutive effect following the completion of the Separation will depend on various factors, including employees who may change employment between the Company and Mtron and the impact of equity-based compensation arrangements. We cannot fully estimate the dilutive effects at this time.

BUSINESS

You should read the following business description in conjunction with our audited combined financial statements and related notes appearing elsewhere in this information statement.

General

Mtron, originally founded in 1965, designs, manufactures and markets highly-engineered, high reliability frequency and spectrum control products. These electronic components ensure reliability and security in aerospace and defense communications, low noise and base accuracy for laboratory instruments, and synchronous data transfers throughout the wireless and Internet infrastructure.

Business Strategy

Our primary objective is to create long-term growth with a market-based approach of designing and offering new products to our customers through both organic research and development, and through strategic partnerships, joint ventures, acquisitions or mergers. We seek to leverage our core strength as an engineering leader to expand client access, add new capabilities and continue to diversify our product offerings. Our focus is on investments that will differentiate our company competitively, broaden our portfolio and lead toward higher levels of integration organically and through joint venture, merger and acquisition opportunities. We believe that successful execution of this strategy will lead to a transformation of our product portfolio towards longer product life cycles, better margins and improved competitive position.

Products

Our portfolio is divided into two product groupings, Frequency Control and Spectrum Control, and has expanded from primarily crystal-based components to include higher levels of integration, advanced materials science, cavity-based products, and various types of compensation methods employing integrated circuits and other methods to create products geared for applications that require high reliability in harsh environments. These products are differentiated by their precise level of accuracy, stability over time and within harsh environments, and very low phase noise.

Our Frequency Control product group includes a broad portfolio of quartz crystal resonators, clock oscillators, VCXO, TCXO OCXO and DOCXO devices which meet some of the tightest specifications, including IEEE 1588 standards. These devices may be based on quartz, quartz MEMS or advanced materials science designed to achieve higher performance levels than quartz. Our products offer high reliability over a wide temperature range and are well-suited for harsh environments, including shock and vibration-resistant oscillators with low-g sensitivity. These products are designed for applications within aerospace and defense, telecommunications infrastructure and instrumentation markets.

Our Spectrum Control product group includes a wide array of radio frequency (“RF”), microwave and millimeter wave filters and diplexers covering a frequency range from 1 MHz to 90 GHz, and solid-state power amplifiers covering a frequency range from 300 MHz to 26 GHz, with power output from 10 Watts to 10 kWatts. Filter devices include crystal, ceramic, LC, tubular, combline, cavity, interdigital and metal insert waveguide, as well as digital, analog and mechanical tunable filters, switched filter arrays and RF subsystems. Power amplifiers add active devices to Mtron’s portfolio and include GaN, GaAS FET, LDMOS and chip and wire technologies in narrow or broadband, module or rack-mounted packages. These products are employed in applications within the aerospace, defense, space and commercial markets.

New product development continues to be a key focus for us as we continue to push our roadmap to meet the needs of our served markets. Within Frequency Control, design efforts are focused on smaller packages, lower power, lower phase noise and use of new materials to provide compensation and harsh environment performance that surpasses customer requirements. Spectrum Control seeks to develop higher power handling, higher levels of integration and a range of integrated products within the RF subsystem.

Customers

We primarily work directly with original equipment manufacturers (“OEMs”) to define the right solutions for their unique applications, including the design of custom parts with unique part numbers. Actual sales of production parts may be directly to the OEM or through either our designated contract manufacturers or through franchised distributors of our products. As a result, Mtron has highly-skilled sales engineers who work directly with the designers and program managers at their OEMs providing a high-level of engineering support at all points within the process.

In 2021, our largest customer, a commercial aerospace and defense company, accounted for $7,838,000, or 29.4%, of our total revenues, compared to $7,802,000, or 26.0%, of our total revenues in 2020. Our second largest customer in 2021, a defense contractor, accounted for $3,138,000, or 11.8%, of our total revenues, compared to $5,550,000, or 18.5%, of our total revenues in 2020.The loss of either of these customers, or a decrease in their demand for our products, could have a material adverse effect on our results.

As of December 31, 2021, four of our largest customers accounted for approximately $2,568,000, or 62.3% of accounts receivable. The insolvency of any of these customers could have a material adverse impact on our liquidity.

Competition

Mtron designs, manufactures and markets products for the generation, synchronization and control of time and frequency as well as spectrum control products. There are numerous domestic and international manufacturers who are capable of providing custom-designed products comparable in quality and performance to our products. Our competitive strategy begins with our focus on niche markets where precise specification and reliability are the major requirements. Competitors in our electronic components segment include, but are not limited to, Vectron International and Microsemi Corporation (both divisions of Microchip Technology Incorporated), K&L Microwave (a division of Dover Corporation) and Rakon Limited.

Research and Development

Utilizing our understanding of market requirements, we employ a disciplined approach to capital allocation when selecting new product development projects. A cross-functional team comprised of engineering, marketing, operations, sales and finance reviews the merits of specific projects seeking to invest in products that will exceed a specific return on investment level and a payback expectation within one to two years. In addition, the team considers the inherent value of intellectual property that each project presents with consideration for technical roadmap objectives.

Our research and development expenses were approximately $2,006,000 and $2,036,000 in 2021 and 2020, respectively, and will remain a significant part of our efforts to revitalize our intellectual property position.

Marketing and Sales

Mtron has a highly skilled team of sales engineers who work in tandem with a worldwide network of more than 30 independent external manufacturer representatives and franchised electronics distributors to market and sell our products. An important part of the sales process is gaining qualification of specific products from the OEM, confirming suitability for use in a specific system design, which is commonly referred to as a “design-win.” Through direct contact with our clients and through our representative network, we are able to understand the needs of the marketplace and then guide our product development process to allocate resources to meeting those requirements.

Domestic Revenues

Our domestic revenues were $20,952,000 in 2021, or 78.5% of total combined revenues, compared to $22,702,000, or 75.7% of total combined revenues, in 2020.

International Revenues

Our international revenues were $5,742,000 in 2021, or 21.5% of total combined revenues, compared to $7,282,000 in 2020, or 24.3% of total combined revenues. In each of 2021 and 2020, these revenues were derived mainly from customers in Asia, with significant sales in Malaysia. We avoid significant currency exchange risk by transacting and settling substantially all of our international sales in United States dollars.

Seasonality

Our business is not seasonal, although shipment schedules may be affected by the production schedules of our customers or their contract manufacturers based on regional practices or customs.

Order Backlog

Our order backlog was $29,439,000 and $19,644,000 as of December 31, 2021 and 2020, respectively. The backlog of unfilled orders includes amounts based on signed contracts as well as agreed letters of intent, which we have determined are firm orders and likely to proceed. Although backlog represents only firm orders that are considered likely to be fulfilled primarily within the 12 months following receipt of the order, cancellations or scope adjustments may and do occur.

Order backlog is adjusted quarterly to reflect project cancellations, deferrals, revised project scope and cost. We expect to fill substantially all of our 2021 order backlog in 2022, but cannot provide assurances as to what portion of the order backlog will be fulfilled in a given year.

Raw Materials

Generally, most raw materials used in the production of our products are available in adequate supply from a number of sources and the prices of these raw materials are relatively stable. However, some raw materials, including printed circuit boards, quartz and certain metals including steel, aluminum, silver, gold, tantalum and palladium, are subject to greater supply fluctuations and price volatility, as experienced in recent years. In general, we have been able to include some cost increases in our pricing, but in some cases our margins were adversely impacted.

The outbreak of the novel COVID-19 coronavirus has caused a global pandemic that has disrupted supply chains and the ability to obtain components and raw materials around the world for most companies, including Mtron. On occasion, one or more of the components used in our products have become unavailable resulting in unanticipated redesign and/or delays in shipments. Continued identification of alternative supply sources or other mitigations are important in minimizing disruption to our supply chain.

Intellectual Property

Mtron has no patents, trademarks or licenses that are considered to be significant to our business or operations. Rather, we believe that our technological position depends primarily on the technical competence and creative ability of our engineering and technical staff in areas of product design and manufacturing processes, including our staff's ability to customize products to meet difficult specifications, as well as proprietary know-how and information.

Government Regulations

As a supplier to certain U.S. Government defense contractors, Mtron must comply with significant procurement regulations and other requirements. Maintaining registration under the International Traffic in Arms Regulations for all of our related production facilities is also required. One of those production facilities must comply with additional requirements for our production processes and for selected personnel in order to maintain the security of classified information. These requirements, although customary within these markets, increase our performance and compliance costs.

We are routinely audited and reviewed by the U.S. Government and its agencies such as the Defense Contract Audit Agency and Defense Contract Management Agency. These agencies review our performance under our contracts, our cost structure and our compliance with applicable laws, regulations and standards, as well as the adequacy of our internal control systems and policies. Any cost found to be improperly allocated to a specific contract will not be reimbursed. If an audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions.

From time to time, we may also be subject to U.S. Government investigations relating to our or our customers' operations and products, and are expected to perform in compliance with a vast array of federal laws, including the Truth in Negotiations Act, the False Claims Act, the International Traffic in Arms Regulations promulgated under the Arms Export Control Act, and the Foreign Corrupt Practices Act. We or our customers may be subject to reductions of the value of contracts, contract modifications or termination, and the assessment of penalties and fines, which could negatively impact our results of operations and financial condition, or result in a diminution in revenue from our customers, if we or our customers are found to have violated the law or are indicted or convicted for violations of federal laws related to government security regulations, employment practices or protection of the environment, or are found not to have acted responsibly as defined by the law. Such convictions could also result in suspension or debarment from serving as a supplier to government contractors for some period of time. Such convictions or actions could have a material adverse effect on us and our operating results. The costs of cooperating or complying with such audits or investigations may also adversely impact our financial results.

Mtron's manufacturing operations, products, and/or product packaging are subject to environmental laws and regulations governing air emissions, wastewater discharges, and the handling, disposal and remediation of hazardous substances, wastes and other chemicals. In addition, more stringent environmental regulations may be enacted in the future, both within the United States and internationally, and we cannot presently determine the modifications, if any, in our operations that any future regulations might require, or the cost of compliance that would be associated with such regulations. To date, capital expenditures, earnings and the competitive position of Mtron have not been materially affected by compliance with current federal, state, and local laws and regulations (domestic and foreign) relating to the protection of the environment. However, we cannot predict the effect of future laws and regulations.

Employees

As of December 31, 2021, Mtron employed 295 people, including 153 full-time and 13 part-time employees, along with 129 contractors. Of this total, Mtron has 143 full-time, 12 part-time, and 11 contract employees within the U.S., with 139 located in Orlando, Florida, and 27 in Yankton, South Dakota. Mtron has two full-time employees and one part-time employee in Hong Kong, and eight full-time employees and 118 contractors in Noida, India. None of our employees are represented by a labor union and Mtron considers our relationships with employees to be good.

As an engineered products and solutions company, a significant number of our workforce consists of degreed engineers providing expertise in product design and process development.

Properties

Following the spin-off, our principal executive office will be located at 2525 Shader Road, Orlando, Florida 32804 in an office located with an operating facility. Our Orlando, Florida operating facility contains approximately 71,000 square feet on approximately five acres of land. Mtron also owns a facility in Yankton, South Dakota, containing approximately 32,000 square feet on approximately eleven acres of land. Mtron also leases approximately 13,000 square feet of office and manufacturing space in Noida, India. Mtron also leases sales customer support office space in Hong Kong and Austin, Texas. It is our opinion that the facilities referred to above are in good operating condition, suitable, and adequate for present uses.

Legal Proceedings

Mtron is not a party to any litigation or other legal or regulatory proceedings.

MANAGEMENT'S DISCUSSION AND
ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our results of operations and financial condition together with our historical financial statements and accompanying notes that we have included elsewhere in this information statement as well as the discussion in the section of this information statement entitled "Business." The following discussion contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections. Actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including, without limitation, those discussed in the sections of this information statement entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements."

The historical and pro forma financial statements included in this information statement may not reflect what our business, financial position or results of operations would have been had it been a separate, publicly-traded company during the periods presented or what our results of operations, financial position and cash flows will be in the future. For additional information about our past financial performance and the basis of presentation of our financial statements, please see "Unaudited Pro Forma Combined Financial Statements" and our historical financial statements and the notes thereto included elsewhere in this information statement.

Overview

Mtron is engaged in the designing, manufacturing and marketing of highly-engineered, high reliability frequency and spectrum control products used to control the frequency or timing of signals in electronic circuits in various applications. Mtron's primary markets are aerospace and defense.

The accompanying combined financial statements include the accounts of all of its majority-owned subsidiaries.

Results of Operations

Factors Which May Influence Results of Operations

We are not aware of any material trends or uncertainties, other than national economic conditions affecting our industry generally, that may reasonably be expected to have a material impact, favorable or unfavorable, on our revenues or income other than those listed in sections of this information statement entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements."

COVID-19

The COVID-19 pandemic ("COVID") has had and may continue to have an adverse impact on our operations and financial performance, as well as on the operations and financial performance of many of the customers and suppliers in industries that we serve. The COVID pandemic continues to present business challenges, and we continue to experience impacts related to COVID, primarily in higher raw material prices, disruptions in global supply chains, delays in supplier deliveries, delays in deliveries to customers, travel restrictions, quarantine restrictions, labor shortages and employee absences.

As a result of COVID, the Company's operations in India were closed on March 23, 2020 and resumed limited operations on May 7, 2020 with a reduced level of staffing. By the end of June 2020, the Company's India facilities were fully operational. Post COVID revenue and bookings declined; and cost saving measures were taken.

In accordance with the Department of Defense guidance issued in March 2020 designating the Defense Industrial Base as a critical infrastructure workforce, our U.S. production facilities have continued to operate in support of essential products and services required to meet national security commitments to the U.S. Government and the U.S. military; however, facility closures or work slowdowns or temporary stoppages have occurred and could occur in the future. In addition, other countries have different practices and policies that can affect our international operations and the operations of our suppliers and customers.

The ultimate impact of COVID on our operations and financial performance depends on many factors that are not within our control, including, but not limited to, duration of the pandemic, potential subsequent waves of COVID infection or potential new variants, the effectiveness and adoption of COVID vaccines and therapeutics, governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic (including shutdown orders, border closings, restrictions on travel and transport and workplace restrictions) and resulting supplier impacts. In addition, to the extent global vaccination programs do not achieve intended results and a longer period of economic and global supply chain and related disruption continues, the more adverse the impact will be on our business operations, financial performance and results of operations.

2021 Compared to 2020

Combined Revenues, Gross Margin and Backlog

Total revenues were $26,694,000, a decrease of $3,290.000, or 11%, from $29,984,000 in 2020. The lower revenue was significantly impacted by the decline in shipments to the avionics market somewhat offset by strong space business performance. The comparison also reflects first quarter of 2020 pre-COVID conditions.

Combined gross margin, which is combined revenues less manufacturing cost of sales as a percentage of revenues, improved to 35.0% compared to 34.3% for the prior year. Gross margins improved over last year but were muted by inflationary cost pressures. The improved profitability was from favorable mix and cost reductions, including the elimination of certain previously required redundancies to preserve manufacturing capabilities in response to the COVID-19 impacts on our business. The Company's India operations were shut down for over six weeks during 2020 requiring onshoring of production to U.S. factories, resulting in increased production costs. As Mtron is an essential business, we maintained our production and operations, to support our customer requirements.

As of December 31, 2021, our order backlog was $29,439,000, an increase of 50% compared to $19,644,000 as of December 31, 2020. Strong bookings of $37,935,000 following depressed 2020 orders, after the rapid falloff from avionics and other related COVID pandemic issues, drove the improvement. Current year bookings reflect the recovering avionics market and strong defense orders including a fourth quarter 2021 $6.3 million order related to a major missile defense program, most of which is expected to ship subsequent to 2022. The backlog of unfilled orders includes amounts based on signed contracts as well as agreed letters of intent, which we have determined are firm orders likely to be fulfilled primarily in the next 12 months.

Order backlog is adjusted quarterly to reflect project cancellations, deferrals, revised project scope and cost, and sales of subsidiaries, if any. We expect to fill a substantial portion of our order backlog as of December 31, 2021 in 2022, but cannot provide assurances as to what portion of the order backlog will be fulfilled in a given year.

Operating Income

Mtron reported operating income of $2,114,000 compared to $3,030,000 for the year ended December 31, 2020. This decrease reflects the lower revenues, higher non-cash stock-based compensation costs and inflationary pressures somewhat offset by the above-described profitability improvements. Engineering, selling and administrative expenses were 27.1% of revenue for the year ended December 31, 2021, compared to 24.2% of revenue for the year ended December 31, 2020.

Other Expense, Net

Other expense, net was $1,000 compared to $137,000 for the year ended December 31, 2020 reflecting interest expense and currency changes.

Income Tax Provision

We must make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, tax benefits and deductions and in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. Significant changes to these estimates may result in an increase or decrease to the tax provision in a subsequent period.

We recognize tax benefits related to uncertain tax positions only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities. For those positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. For the year ended December 31, 2021, we recorded unrecognized tax benefits of $448,000.

During 2021, Mtron released its $374,000 valuation allowance over a portion of its deferred tax assets as the deferred tax assets became more likely than not to be realized. We recorded a tax expense of $531,000 and $583,000 for the years ended December 31, 2021 and 2020, respectively. The tax expense was driven by the increase in Mtron's unrecognized tax benefits, partly offset by the tax benefit from the reduction of Mtron's previously recorded valuation allowance.

Net Income

Net income was $1,582,000 compared to $2,310,000 for the year ended December 31, 2020. The decrease was from the aforementioned items noted above.

Liquidity and Capital Resources

As of December 31, 2021 and 2020, cash and cash equivalents were $2,635,000 and $2,456,000, respectively.

Cash provided by operating activities was $2,960,000 and $3,906,000 for the years ended December 31, 2021 and 2020, respectively. The $946,000 decrease was largely due to the lower operating earnings and changes in receivable and inventory levels in 2021 as compared to 2020.

Cash used in investing activities for the years ended December 31, 2021 and 2020 was $1,099,000 and $407,000, respectively. Capital expenditures increased $692,000 for investment in production equipment to improve cost and efficiency.

Cash used in financing activities for the years ended December 31, 2021 and 2020 was $1,682,000 and $3,911,000, respectively, and was comprised entirely of related party payments to LGL Group.

As of December 31, 2021, our consolidated working capital was $9,081,000, compared to $8,930,000 as of December 31, 2020. As of December 31, 2021, we had current assets of $12,093,000, current liabilities of $3,012,000 and a ratio of current assets to current liabilities of 4.01 to 1.00. As of December 31, 2020, we had current assets of $11,742,000, current liabilities of $2,812,000 and a ratio of current assets to current liabilities of 4.18 to 1.00. Management continues to focus on efficiently managing working capital requirements to match operating activity levels and will seek to deploy Mtron's working capital where it will generate the greatest returns.

We believe that existing cash and cash equivalents, marketable securities and cash generated from operations will provide sufficient liquidity to meet our ongoing working capital and capital expenditure requirements for the next 12 months from the date of this filing. Mtron's management continues to strive for profitability both internally and through acquisition.

See Note F – Revolving Credit Agreement in the accompanying Notes to Combined Financial Statements for details of the revolving credit agreement.

Critical Accounting Estimates

Our combined financial statements are prepared in accordance with accounting principles generally accepted in the United States. Our significant accounting policies are more fully described in Note B – Summary of Significant Accounting Policies, in the accompanying Notes to Combined Financial Statements. Certain accounting policies require us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. On an ongoing basis, we evaluate our estimates and assumptions, and the effects of revisions are reflected in the financial statements in the period in which they are determined to be necessary. The accounting policies described below are those that most frequently require us to make estimates and judgments and, therefore, are critical to understanding our results of operations.

Income Taxes

We account for income taxes in accordance with ASC Topic 740 "Income Taxes" ("ASC 740"), which requires an asset and liability approach for the financial accounting and reporting of income taxes. Under this method, deferred income taxes are recognized for the expected future tax consequences of differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. These balances are measured using the enacted tax rates expected to apply in the year(s) in which these temporary differences are expected to reverse. The effect of a change in tax rates on deferred income taxes is recognized in income in the period when the change is enacted.

Based on consideration of all available evidence regarding their utilization, we record net deferred tax assets to the extent that it is more likely than not that they will be realized. Where, based on the weight of all available evidence, it is more likely than not that some amount of a deferred tax asset will not be realized, we establish a valuation allowance for the amount that, in our judgment, is sufficient to reduce the deferred tax asset to an amount that is more likely than not to be realized. In reaching such conclusions, we consider available positive and negative evidence including past operating results, projections of future taxable income, the feasibility of ongoing tax planning strategies and the realizability of tax loss carryforwards. Our projections of future taxable income include estimates and assumptions regarding our income and costs, as well as the timing and amount of reversals of taxable temporary differences.

We account for unrecognized tax benefits in accordance with ASC 740, which prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation, based solely on the technical merits of the position. The tax benefit recognized is the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

We had a valuation allowance of $374,000 at the year ended December 31, 2020; however, this was reversed in 2021 given our future estimates for taxable income.

Inventories

We account for inventories at the lower of cost or net realizable value using the FIFO (first-in, first-out) method.
Inventory reserves are determined based on estimated losses that result from inventory that becomes obsolete or for which Mtron has excess inventory levels. In determining these estimates, Mtron performs an analysis on current demand and usage for each inventory item over historical time periods. Based on that analysis, Mtron reserves a percentage of the inventory amount within each time period based on historical demand and usage patterns of specific items in inventory. Actual experience could differ from the amounts estimated requiring adjustments to inventory valuation in future periods.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Review, Approval or Ratification of Related Party Transactions

We will have in place a policy for the review and approval of transactions in which Mtron is to be a participant, where the amount involved exceeds or is expected to exceed $120,000 annually, and in which any of our directors or executive officers, or any of their immediate family members, will have a direct or indirect material interest. Any such related party transaction is to be for the benefit of us and upon terms no less favorable to us than if the related party transaction was with an unrelated party.

It is expected that our board of directors will delegate to its Audit Committee the review and approval of related party transactions relating to directors or executive officers, or their immediate family members. In reviewing related party transactions, the Audit Committee will evaluate and consider the terms of the related party transaction, including an assessment of the arms-length nature of the terms, and such other factors that it deems appropriate with respect to the transaction.

Related Party Transactions and Relationships

See the section of this information statement entitled "The Spin-Off—Relationship Between Mtron and the Company" for a description of the agreements expected to be entered into between the Company and Mtron in connection with the spin-off which set forth the terms and conditions of the separation of the businesses of the Company between the Company and Mtron and will govern various ongoing arrangements between the Company and Mtron upon completion of the spin-off.

MANAGEMENT

Directors and Executive Officers Following the Spin-Off

It is currently expected that certain of the Company's executive officers and directors will serve as our executive officers and directors following the spin-off in the position(s) set forth in the table below. The following table lists the names of these individuals, and their expected position(s) with Mtron.

Name	Position
Executive Officers	
Michael J. Ferrantino	Chief Executive Officer; Director
James W. Tivy	Chief Financial Officer
Linda M. Biles	Vice-President, Controller
Non-Employee Directors	
Marc J. Gabelli	Chairman
Hendi Susanto	Director
John S. Mega	Director
Bel Lazar	Director
Robert V. "Rob" LaPenta Jr.	Director
David M. Goldman	Director

The following additional information is provided for each of the above-named individuals. Our executive officers will be appointed by, and serve at the discretion of, our board of directors.

Executive Officers

The following table sets forth information regarding our executive officers, including their ages (as of May 11, 2022), and business experience for the past five years and prior years.

Name	Age	Offices and Positions Held With the Company, Business Experience and Principal Occupation for the Last Five Years
Michael J. Ferrantino	50	Mr. Ferrantino currently holds the position of President and Chief Executive Officer for The LGL Group, Inc. (April 2021 to present) and also holds the position of Chief Executive Officer for Interex, Inc. and is on the board of Gabelli Equity Trust, Inc. and Gabelli Utility Trust. Mr. Ferrantino formerly served as a Director of LGL Systems Acquisition Corp. from September 2019 to August 2021 (NYSE: DFNS) and was Chief Executive Officer & Director at Valpey-Fisher Corp. Mr. Ferrantino received an undergraduate degree from Rensselaer Polytechnic Institute and an MBA from Loyola University Maryland. Mr. Ferrantino brings to the Board his experience in management and manufacturing operations, and an extensive knowledge of global financial markets.
James W. Tivy	54	Chief Financial Officer, The LGL Group, Inc. (January 2018 to present); SVP, Finance for INTL FCStone Securities Inc. (November 2012 to January 2017); Group Controller, INTL FCStone Inc. (January 2008 to November 2012). Mr. Tivy is a Certified Public Accountant, and earned his BSAc from the Fisher School of Accounting at the University of Florida, with honors.
Linda M. Biles	60	Vice-President, Controller, The LGL Group, Inc. (June 2020 to present); Vice-President and Controller for Mtron (2007 to present).

Directors

The following table sets forth information regarding our directors, including their ages (as of May 11, 2022), and business experience for the past five years and prior years.

Name	Age	Offices and Positions Held With the Company, Business Experience and Principal Occupation for the Last Five Years, and Directorships in Public Corporations and Investment Companies
Marc J. Gabelli	54	Mr. Gabelli currently serves as Non-Executive Chairman of the Board, The LGL Group, Inc. (December 2017 to present, and September 2004 to April 2016); Managing Partner, Horizon Research (January 2013 to present), an investment management and research services provider; Chief Executive Officer, Gabelli Securities International Ltd. (1994 to present), a global alternative asset management platform and merchant advisor; President and Managing Partner, GGCP, Inc. (1999 to present), a private corporation that makes investments for its own account; Managing Member, Commonwealth Management Partners LLC (2008 to present); and Director and Managing Partner, GAMA Funds Holdings GmbH (2009 to present). He formerly served as Chairman and Chief Executive Officer, LGL Systems Acquisition Corp. (NYSE: DFNS) from September 2019 to August 2021 and was also a Director from its inception in early 2019 to August 2021; Chairman of Gabelli Merger Plus Trust since July 2017; Director of GAMCO Investors, Inc. from November 2014 to May 2016; and Director and President of Associated Capital Group, Inc. (NYSE: ACG) at its formation through to 2017; Mr. Gabelli brings to the Board his extensive knowledge of the Company's business and industry due to his longstanding service on the Board, as well as his financial expertise and leadership experience as an executive of various investment firms.
Bel Lazar	61	Mr. Lazar is currently Chief Operations Officer and member of the Board of Directors at Efficient Power Conversion, a leading provider of gallium nitride (GaN)-based power management technology (April 2015 to present); and Chief Executive Officer of EPC Space LLC, a high reliability wide-gap power management technology company, and was previously President and CEO of API Technologies Corp., formerly a NASDAQ listed company. Mr. Lazar brings to the Board his experience in management and aerospace manufacturing operations within our industry, and significant mergers and acquisition experience.
Michael J. Ferrantino	50	Mr. Ferrantino’s biographical information can be found under the section for Executive Officers, above.
Hendi Susanto	48	Mr. Susanto has been Vice President, Equity Research, at Gabelli since August 2007 and has also been a Portfolio Manager at GAMCO Investors, Inc. since December 2015. Mr. Susanto joined the Board of Directors of The LGL Group, Inc. (NYSE American: LGL) in June 2016, serving until December, 2020. Prior to 2007, Mr. Susanto worked as an Analyst at Silicon Laboratories (NASD: SLAB) and a supply chain management consultant in the technology sector at JDA Software. Mr. Susanto received a Bachelor’s degree summa cum laude in Chemical Engineering from the University of Minnesota, an MS in Chemical Engineering from MIT, with a minor in Quantitative Finance from MIT Sloan, and an MBA in Finance from the Wharton School. Mr. Susanto brings to the Board extensive experience in evaluating investments in technology, and special situations such as mergers and acquisitions, convertible debt and restructuring.

Name	Age	Offices and Positions Held With the Company, Business Experience and Principal Occupation for the Last Five Years, and Directorships in Public Corporations and Investment Companies
Robert V. "Rob" LaPenta Jr.	52	Mr. LaPenta currently serves on the board of directors for IronNet, inc. (NYSE: IRNT) since August of 2021, having previously served as Executive Vice President and Chief Financial Officer of LGL Systems Acquisition Corp. (NYSE: DFNS) from September 2019 until its merger with IronNet. Mr. LaPenta previously served on the board of directors for The LGL Group, Inc. (NYSE American: LGL) from August 2020 through September 2021. Mr. LaPenta has an extensive career spanning over 25 years in finance, accounting, consulting, capital markets origination, equity trading, asset allocation and mergers and acquisitions and has been active in transaction sourcing, processing and execution. Mr. LaPenta began his career as a Senior Associate at Coopers & Lybrand as a CPA responsible for managing audits, consulting, M&A due diligence and special project engagements for multiple clients in various industries. Mr. LaPenta transitioned full time into the investment banking sector spending the next 13 years focused on trading and capital market activities culminating in the role of Managing Director and Co-head of Equity Trading at Bank of America Securities, LLC where he managed the firm's equity capital commitment, proprietary trading, secondary offerings and risk management within cash trading. In 2007, Mr. LaPenta joined L-1 Identity Solutions, Inc. as Vice President of Mergers and Acquisitions and Corporate Strategy. Mr. LaPenta managed the firms M&A processes from sourcing, structuring, valuation, diligence and financing of multiple transactions with the most notable being the negotiation of the $1.6 billion sale of L-1 to Safran and BAE Systems. Following the sale of L-1, Mr. LaPenta became a Partner of Aston Capital an alternative asset management firm of the LaPenta family office and co-founded the Boundary Group, an investment partnership focused on private investments in the aerospace, defense, and intelligence markets. Mr. LaPenta has previously served on the boards of directors of Revolution Lighting Technologies, Inc. (until 2016), an LED lighting and control solutions company, TherapeuticsMD (NASDAQ: TXMD), a women's healthcare product provider, The Radiant Group, a provider of geospatial analytics to the U.S Intelligence community (now part of NASADAQ: MAXR), AFIX Technologies, a provider of biometric solutions for governments and civil agencies, a board observer of ARKA, a provider of satellite data processing and related critical technologies to the U.S. Government and Intelligence Agencies and sits as an Audit Committee member for St. David's School New York City. Mr. LaPenta graduated from Boston College with a Bachelor's degree in Accounting and Finance and has been a registered CPA (inactive) in the State of New York.
John S. Mega	69	Mr. Mega served as President of LGL Systems Acquisition Corp. (NYSE: DFNS) from September 2019 to August 2021. Mr. Mega was an original founding member of L3, which merged with Harris Technologies and is now L3Harris Technologies, Inc. (NYSE: LHX). Mr Mega built and managed several divisions at L3 since its formation in 1997 after spinning off from Lockheed Martin. Prior to his retirement in 2018, he was a corporate Senior Vice President and President of L3's Communication Systems, one of the four L3 major business segments. Earlier in his career, he had been President of L3's Microwave Group, President of Narda Microwave, President of Logimetrics, Inc, Chief Financial Officer and Vice President at Lockheed Martin Corp's Tactical Defense Systems, Group Controller at Loral Corp and a principal at Raytheon Company (NYSE: RTN). Mr. Mega brings to the Board his considerable experience in management and manufacturing operations within our industry.

Name	Age	Offices and Positions Held With the Company, Business Experience and Principal Occupation for the Last Five Years, and Directorships in Public Corporations and Investment Companies
David M. Goldman	48	Mr.Goldman has been a director of Teton since September 2021. Mr. Goldman provides legal counsel and engages in business development for financial service companies under the GGCP, Inc. umbrella. He is the General Counsel for Associated Capital Group, Inc. (NYSE: AC) and General Counsel, Senior Vice-President Business Development for GAMCO Asset Management, Inc. Mr. Goldman serves on the Boards of numerous international subsidiaries of GAMCO Investors, Inc. Prior to joining GAMCO, Mr. Goldman held senior, legal, compliance and business roles at Deutsche Asset Management, Inc., the asset management division of Deutsche Bank. Mr. Goldman served as the primary liaison between the Deutsche Bank mutual fund directors and the Fund's investment adviser. He holds an LL.M. from Georgetown University School of Law and a JD from the University of Maryland School of Law. David earned a B.S. in Accounting from Indiana University in Bloomington. Mr. Goldman is a licensed CPA (inactive). Mr. Goldman serves on the Board of Advisors of the Earl Monroe New Renaissance Basketball School in the Bronx, NY. Mr. Goldman is also an Adjunct Professor of Law at Fordham University School of Law

Family Relationships

There is no family relationship between any of the individuals expected to serve as directors or executive officers of Mtron.

Board of Directors Composition

Our bylaws provide that our board of directors shall establish the authorized number of directors from time to time by resolution and that each director serve for a term expiring at our next annual meeting of stockholders. It is expected that our board of directors will set the number of directors comprising the board immediately following the spin-off at six directors. Our directors will hold office until their successors have been duly elected and qualified or until the earlier of their death, resignation or removal. An election of directors by our stockholders will be determined by plurality vote.

Director Independence

As required under NYSE American rules, following the spin-off a majority of the members of a listed company's board of directors must qualify as "independent," as affirmatively determined by such board of directors. Our board of directors has determined that John S. Mega, Bel Lazar, Robert V. "Rob" LaPenta Jr., and David M. Goldman will be independent within the meaning of NYSE American rules.

Board Committees

Following the spin-off, the standing committees of our board of directors will include an Audit Committee, a Compensation Committee and a Nominating/Corporate Governance Committee, each as further described below.

Audit Committee

Mtron will have a separately-designated Audit Committee. The members of the Audit Committee are expected to be John S. Mega, Bel Lazar and Robert V. "Rob" LaPenta Jr., with Mr. LaPenta serving as a chairperson. Mtron expects that each member of the Audit Committee will be deemed to be "financially literate" and "independent," as determined in accordance with applicable rules and regulations, and that Mr. LaPenta will be determined to be an "audit committee financial expert," as defined under Item 407 of Regulation S-K promulgated by the SEC.

The Audit Committee's responsibilities will include, among other things, appointing, retaining, overseeing and determining the compensation and services of our independent registered public accounting firm, including pre-approval of all audit and non-audit services to be performed by our independent registered public accounting firm, overseeing the quality and integrity of our financial statements and related disclosures, overseeing our compliance with legal and regulatory requirements, assessing our independent auditors' qualifications, independence and performance, and monitoring the performance of our internal audit and control functions.

The responsibilities of the Audit Committee, which Mtron anticipates will be substantially similar to the responsibilities of the Company's Audit Committee, will be more fully described in the Audit Committee charter. Mtron will post the Audit Committee charter on our website at www.mtronpti.com, and Mtron will provide it in print, without charge, to any stockholder that requests it.

Compensation Committee

Mtron will have a separately-designated Compensation Committee. The members of the Compensation Committee are expected to be John S. Mega, Bel Lazar and Robert V. "Rob" LaPenta Jr., with Mr. Lazar serving as chairperson. Mtron expects that each member of the Compensation Committee will be determined to be "independent," as determined in accordance with applicable rules and regulations, and "non-employee directors" within the meaning of Section 16 of the Exchange Act.

The Compensation Committee will provide assistance to the board of directors in fulfilling its responsibilities relating to the compensation of our executive officers. It will review and determine the compensation of our executive officers, including our chief executive officer, and administer our equity-based compensation plans. The Compensation Committee will have the authority to retain consultants to assist the Compensation Committee in its evaluation of executive compensation, as well as the authority to approve any such consultant's fees and retention terms.

The responsibilities of the Compensation Committee, which Mtron anticipates will be substantially similar to the responsibilities of the Company's Compensation Committee, will be more fully described in the Compensation Committee charter. Mtron will post the Compensation Committee charter on our website at www.mtronpti.com, and Mtron will provide it in print, without charge, to any stockholder that requests it.

Nominating/Corporate Governance Committee

Mtron will have a separately-designated Nominating/Corporate Governance Committee. The members of the Nominating/Corporate Governance Committee are expected to be John S. Mega, Bel Lazar and Robert V. "Rob" LaPenta Jr., with Mr. Mega serving as chairperson. Mtron expects that each member of the Nominating/Corporate Governance Committee will be determined to be "independent," as determined in accordance with applicable rules and regulations.

The Nominating/Corporate Governance Committee will be responsible for assisting its board of directors in identifying individuals qualified to become directors, making recommendations of candidates for directorships, developing and recommending a set of corporate governance principles to our board of directors, overseeing the evaluation of our board of directors and management, overseeing the selection, composition and evaluation of board committees, and overseeing the management continuity and succession planning process.

Our initial board of directors will be selected by the Company and is expected to be comprised of the individuals indicated as directors under "Directors and Executive Officers Following the Spin-Off" above. After the spin-off, the Nominating/Corporate Governance Committee will review, following the end of each fiscal year, the composition of our board of directors and the ability of our current members to continue effectively as directors for the upcoming fiscal year. If the Nominating/Corporate Governance Committee thinks it is in our best interest to nominate a new individual for director, or fill a vacancy on our board of directors which may exist from time to time, it will consider potential candidates for board appointments who meet the criteria for selection as a nominee and have the specific qualities or skills sought.

The responsibilities of the Nominating/Corporate Governance Committee, which Mtron anticipates will be substantially similar to the responsibilities of the Company's Nominating/Corporate Governance Committee, will be more fully described in the Nominating/Corporate Governance Committee charter. Mtron will post the Nominating/Corporate Governance Committee charter on our website at www.mtronpti.com, and Mtron will provide it in print, without charge, to any stockholder that requests it.

Code of Business Conduct and Ethics

We expect that our board of directors will adopt a Code of Business Conduct and Ethics similar to the Company's Code of Business Conduct and Ethics and that will apply to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. A copy of the Code of Business Conduct and Ethics will be available on our website at www.mtronpti.com, and will be available in print, without charge, to any stockholder that requests it. In addition, Mtron will post amendments to or waivers from the Code of Business Conduct and Ethics (to the extent applicable to our principal executive officer, principal financial officer or principal accounting officer) on our website.

Corporate Governance Guidelines

We expect that our board of directors will adopt Corporate Governance Guidelines similar to those adopted by the Company's Board of Directors. The full text of the Corporate Governance Guidelines will be posted on our website at www.mtronpti.com and will be available in print, without charge, to any stockholder that requests it.

Risk Oversight

Our senior management will be responsible for assessing and managing the Company's various exposures to risk on a day-to-day basis, including the creation of appropriate risk management programs and policies. The Company has developed a consistent, systemic and integrated approach to risk management to help determine how best to identify, manage and mitigate significant risks throughout the Company, which includes its system of internal control over financial reporting, annual reviews conducted by its directors and officers, monitoring compliance with its business conduct policy and general liability insurance coverage. Mtron will adopt policies and practices consistent with the Company's risk management program. Consistent with the Company's risk management program, our board of directors will be responsible for overseeing the company's management in the execution of its responsibilities and for assessing our approach to risk management. Our board of directors will exercise these responsibilities periodically as part of its board meetings and also through the board's three standing committees, each of which examines various components of enterprise risk as part of its responsibilities. In addition, an overall review of risk will be inherent in the board of director's consideration of our long-term strategies and in the transactions and other matters presented to the board, including capital expenditures, acquisitions and divestitures, and financial matters.

Executive Sessions of Non-Employee Directors

It is expected that our non-employee directors will meet at least twice per year in executive sessions of the board of directors in which members of management, including directors who are also employees, will not participate. Mtron expects that Mr. LaPenta will be the presiding director for the executive sessions.

Stockholder Communications

Stockholders may communicate with our board of directors, including the non-employee directors, by sending an e-mail to Linda M. Biles at lbiles@mtronpti.com or by sending a letter to M-tron Industries, Inc., 2525 Shader Road, Orlando, Florida 32804, Attention: Corporate Secretary. The corporate secretary will submit all such correspondence to any specific director to whom the correspondence is directed.

EXECUTIVE COMPENSATION

Historical Compensation of the Company's Named Executive Officers Prior to the Spin-Off

Set forth below is summary information regarding the compensation paid or accrued by the Company and its subsidiaries to or on behalf of Michael J. Ferrantino, James W. Tivy, and Linda M. Biles (who are expected to be our "Named Executive Officers," as defined under Item 402 of Regulation S-K promulgated by the SEC) and the compensation arrangements between the Named Executive Officers and the Company prior to the spin-off.

The amounts and forms of compensation reported below do not necessarily reflect the compensation that the Named Executive Officers will receive for their services on our behalf following the spin-off because historical compensation was determined by the Company's Compensation Committee and future compensation levels will be determined based on the compensation policies, programs and procedures to be established by our Compensation Committee.

Summary Compensation Table

The following table sets forth, for the years ended December 31, 2021 and 2020, certain summary information concerning compensation which the Company and its subsidiaries, paid to, or accrued on behalf of, the Named Executive Officers.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards (1) ($)	Total ($)
Michael Ferrantino	2021	161,827	—	532,800 (2)	694,627
President and Chief					
Executive Officer					
James W. Tivy	2021	96,000	25,000	—	121,000
Chief Financial Officer	2020	96,000	—	—	96,000
Linda Biles	2021	132,018	27,000		159,018
Vice President, Controller	2020	130,160	52,000	120,000 (3)	302,160

(1) Reflects the aggregate grant date fair value of stock awards or option awards granted in the applicable year, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718.
(2) On December 28, 2021, the Company awarded Mr. Ferrantino 45,000 restricted shares of common stock with a grant date fair value of $532,800.
(3) On December 29, 2020, the Company awarded Ms. Biles 10,762 restricted shares of common stock with a grant date fair value of $120,000.

Stock Options Adjustment

At the time of the spin-off, all of the stock options issued pursuant to the Company's 2011 Incentive Plan will be amended such that each option pre-spin-off strike price will be adjusted, and a new Mtron option grant will be made to reflect the value of the Company following the spin-off.

Outstanding Equity Awards at Fiscal Year End 2021

The following table sets forth the information with respect to outstanding equity awards held by the Company's named executive officers as of December 31, 2021

	Stock Awards (1)	
Name	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested ($) (4)
Michael Ferrantino (2)	30,000	342,000
Linda Biles (3)	7,533	85,876

(1) There are no LGL stock options held by any named executive officers.
(2) On December 28, 2021, the Company granted Mr. Ferrantino 45,000 restricted shares of common stock with a grant date fair value of $532,800. These shares vest as follows: 15,000 at December 28, 2021, 15,000 at April 1, 2022 and 15,000 at April 1, 2023.
(3) On December 29, 2020, the Company awarded Ms. Biles 10,762 restricted shares of common stock with a grant date fair value of $120,000. These shares vest as follows: 3,229 at December 29, 2021, 3,229 at December 29, 2022 and 4,304 at December 29, 2023.
(4) Market value is based on the closing price of our common stock on December 31, 2021 of $11.40 per share.

Expected Named Executive Officer Compensation Following the Spin-Off

Following the spin-off, the compensation of the Named Executive Officers for their services on behalf of us and our subsidiaries will be determined by our Compensation Committee. It is currently expected that, unless otherwise determined by our Compensation Committee, Mtron's executive officers will continue to earn salary and bonus compensation commensurate with the compensation earned from the Company. The Named Executive Officers may also receive grants of equity awards as from time to time determined by our Compensation Committee as well as perquisites and other personal benefits.

Mtron 2022 Incentive Plan

We expect that equity-based compensation will be an important component of our compensation program and believe that the ability to grant equity-based compensation awards will enhance the relationship between employee performance and the creation of stockholder value. Accordingly, in connection with the spin-off and effective as of the distribution date, we intend to adopt the Mtron 2022 Incentive Plan (the "Incentive Plan"), the terms of which (other than the number of shares which may be awarded) are substantially similar to those of the Company's 2021 Incentive Plan. Set forth below is a summary of the Incentive Plan, as expected to be adopted. The following summary is not complete and is qualified in its entirety by reference to the full text of the Incentive Plan, the form of which is attached as an exhibit to the registration on Form 10, of which this information statement is a part, and which is incorporated herein by reference.

Purpose

The Incentive Plan allows Mtron to provide employees, consultants and all members of the Board who are selected to receive awards under the Incentive Plan the opportunity to acquire an equity interest in Mtron. The Board believes that equity incentives are a significant factor in attracting and motivating eligible persons whose present and potential contributions are important to Mtron and aligning their interests with those of our stockholders.

Proposed Share Reserve

Upon the Incentive Plan becoming effective on the distribution date, 1,000,000 shares of common stock will be available for issuance pursuant to awards to be granted under the Incentive Plan.

Expected Duration of the Share Reserve

We expect that the share reserve under the Incentive Plan will be sufficient for awards for at least 3 to 5 years. Expectations regarding future share usage could be impacted by a number of factors, such as award type mix; hiring and promotion activity at the executive level; the rate at which shares are returned to the Incentive Plan's reserve upon the awards' expiration, forfeiture or cash settlement; the future performance of our stock price; the consequences of acquiring other companies; and other factors. While we believe that the assumptions we used are reasonable, future share usage may differ from current expectations.

Key Provisions

The following is a summary of the key provisions of the Incentive Plan:

Plan Termination Date:	Ten years from the distribution date, which is the date on which the Incentive Plan becomes effective
Eligible Participants:	Employees, officers, directors, consultants and advisors (except that only employees are eligible for Incentive Stock Options)
Shares Authorized:	1,000,000 shares, subject to certain adjustments as set forth in the Incentive Plan (the "Share Limit").
Award Types:	(1) Incentive Stock Options (2) Non-qualified Stock Options (3) Restricted Stock (4) Stock Appreciation Rights (5) Performance Bonus Awards (6) Deferred Stock (7) Restricted Stock Units

	(8) Dividend Equivalents (9) Performance Stock Units (10) Performance Share Awards (11) Other Stock-Based Awards
Vesting:	Determined by the Compensation Committee. Subject to the acceleration of vesting in certain circumstances as permitted under the terms of the Incentive Plan.
Not Permitted:	No discount stock options or stock appreciation rights No "liberal share recycling" of options or stock appreciation rights No payment of dividends or dividend equivalents on unvested awards No repricing of stock options and amendments that under the Internal Revenue Code (the "Code") or NYSE rules require stockholder approval No automatic "reload" awards
Incentive Stock Option Limit:	No more than 1,000,000 shares may be issued pursuant to incentive stock options
Limitation on Number of Shares Granted to Non-Employee Directors:	The sum of the grant date fair market value of equity-based awards and the amount of any cash-based awards granted to a non-employee director during any calendar year, under the Incentive Plan, may not exceed $500,000

Awards under the Incentive Plan

Stock Options. The Incentive Plan permits the Compensation Committee to issue incentive stock options and non-qualified stock options to participants, which directly link their financial success to that of Mtron stockholders. The Compensation Committee shall determine the number of shares subject to options and all other terms and conditions of the options, including vesting requirements. In no event, however, may the exercise price of a stock option be less than 100% of the fair market value of Mtron common stock on the date of the stock option's grant, nor may any option have a term of more than ten years. Except for adjustments based on changes in the corporate structure or as otherwise provided in the Incentive Plan, the terms of an option may not be amended to reduce the exercise price nor may options be canceled or exchanged for cash, other awards or options with an exercise price that is less than the exercise price of the original options.

Additionally, in the case of an incentive stock option granted to any individual who, at the date of grant, owns stock possessing more than ten percent (10%) of the total combined voting power all classes of stock of Mtron, such incentive stock option shall be granted at a price that is not less than one hundred and ten percent (110%) of fair market value on the date of grant and such incentive stock option shall be exercisable for no more than five (5) years from the date of grant.

Stock Appreciation Rights. The Incentive Plan permits the Compensation Committee to issue stock appreciation rights ("SARs"), either free-standing or in tandem with stock options. The Compensation Committee shall determine the number of SARs to be granted and other terms and conditions of the SARs. In no event, however, may the exercise of a SAR be less than 100% of the fair market value of Mtron common stock on the date of grant, and the terms shall not exceed ten years. SARs may be settled in cash, stock, or a combination of both.

Restricted Stock and Restricted Stock Units. The Incentive Plan permits the Compensation Committee to grant restricted stock awards. Each share of restricted stock shall be subject to such terms, conditions, restrictions, and/or limitations, if any, as the Compensation Committee deems appropriate, including, but not by way of limitation, restrictions on transferability and continued employment. Holders of shares of restricted stock may vote the shares and receive dividends on such shares. Notwithstanding the foregoing, with respect to a share of restricted stock, dividends shall only be paid out to the extent that the share of restricted stock vests. The vesting period for restricted stock shall be determined by the Compensation Committee, which may accelerate the vesting of any such award. The Compensation Committee may also grant restricted stock units, which have substantially the same terms as restricted stock, except that units have no voting rights, and unless otherwise determined by the Compensation Committee, will not receive dividends or dividend equivalents (which in an event shall only be paid out to the extent that the restricted stock units vest). The Compensation Committee may also grant unrestricted stock under this provision.

Performance Shares and Performance Stock Units. The Incentive Plan permits the Compensation Committee to issue "performance shares" and "performance stock units." These are contingent incentive awards that are converted into stock and/or cash and paid out to the participant only if specific performance goals are achieved over performance periods, as set by the Compensation Committee. If the performance goals are not achieved, the awards are canceled or reduced. Performance shares are each equivalent in value to a share of common stock (payable in cash and/or stock), while performance stock units are equal to a specific amount of cash.

Stock Payments and Other Stock-Based Awards. The Incentive Plan also permits the Compensation Committee to grant awards of deferred stock, dividend equivalents, other stock-based awards, and performance bonus awards as provided in the Incentive Plan.

Eligible for Participation. Persons eligible to participate in the Incentive Plan include employees, directors, consultants and advisors, as determined by the Compensation Committee.

Available Shares. The Incentive Plan authorizes the issuance of 1,000,000 shares, subject to certain adjustments as set forth in the Incentive Plan.

If an outstanding award under the Incentive Plan expires or is terminated or canceled for any reason without having been exercised or settled in full, or if shares acquired pursuant to an award subject to forfeiture are forfeited under the Incentive Plan, the shares allocable to the terminated portion of such award or such forfeited shares shall again be available for issuance under the Incentive Plan. Shares shall not be deemed to have been issued pursuant to the Incentive Plan with respect to any portion of an award that is settled in cash. In the event that withholding tax liabilities arising from a full-value award (i.e., an award other than an option or stock appreciation right) are satisfied by the delivery or withholding of shares, the shares so tendered or withheld shall be added to the Incentive Plan's reserve.

Notwithstanding anything to the contrary, the following shares shall not again be made available for issuance or delivery under the Incentive Plan: (i) shares tendered in payment of an option; (ii) shares delivered or withheld by Mtron to satisfy any tax withholding obligation with respect to an option or stock appreciation right; (iii) shares covered by a stock-settled stock appreciation right that were not issued upon the settlement of the stock appreciation right; or (iv) shares purchased on the open market with option proceeds.

Upon termination of the Incentive Plan, no further awards may be issued under the Incentive Plan.

Minimum Vesting. Subject to the acceleration of vesting in certain circumstances as permitted under the terms of the Incentive Plan, each award under the Incentive Plan will have a minimum vesting period of one year.

Dividends and Dividend Equivalents. With respect to any award that provides for or includes a right to dividends or dividend equivalents, if dividends are declared during the period that an equity award is outstanding, such dividends (or dividend equivalents) shall either (a) not be paid or credited with respect to such award or (b) be accumulated but remain subject to vesting requirement(s) to the same extent as the applicable award and shall only be paid at the time or times such vesting requirement(s) are satisfied. A participant holding an option or stock appreciation right is not eligible to receive dividends or dividend equivalents.

Clawback. Awards under the Incentive Plan and any shares issued pursuant to awards under the Incentive Plan shall be subject to recovery or "clawback" by Mtron if and to the extent that the vesting of such awards was determined or calculated based on materially inaccurate financial statements or any other material inaccurate performance metric criteria; or if Mtron or its subsidiaries terminate a grantee's service relationship due to the grantee's gross negligence or willful misconduct, or determine there are grounds for such a termination (whether or not such actions also constitute "cause" under an award agreement), any awards under the Incentive Plan, whether or not vested, as well as any shares of stock issued pursuant to awards under the Incentive Plan shall be subject to forfeiture, recovery and "clawback." In addition, the Incentive Plan provides that if Mtron is required to prepare an accounting restatement due to material noncompliance with the financial reporting requirements of the securities laws, in certain cases the Compensation Committee may require the repayment of amounts paid under the Incentive Plan in excess of what the employee would have received under the accounting restatement.

Performance Awards. Subject to the general purposes, terms and conditions of the Incentive Plan and applicable law, and under the direction of the Board, the Compensation Committee shall have complete control over the administration of the Incentive Plan and shall have full authority to grant awards and determine who shall receive awards, when such awards shall be granted and the terms and conditions of such awards, including, but not limited to, conditioning the exercise, vesting, payout or other term of condition of an award on the achievement of performance goals. Such performance goals shall be based on the attainment of specified levels of one or more of the following: (i) earnings per share; (ii) sales; (iii) operating income; (iv) gross income; (v) basic or adjusted net income (before or after taxes); (vi) cash flow; (vii) gross profit; (viii) gross or operating margin; (ix) working capital; (x) earnings before interest and taxes; (xi) earnings before interest, tax, depreciation and amortization; (xii) return measures, including return on invested capital, sales, assets, or equity; (xiii) revenues; (xiv) market share; (xv) the price or increase in price of common stock; (xvi) total shareholder return; (xvii) economic value created or added; (xviii) expense reduction; (xix) implementation or completion of critical projects, including acquisitions, divestitures, and other strategic objectives, including market penetration and product development; or (xx) specified objectives with regard to limiting the level of increase in all or a portion of Mtron's bank debt or other long term or short term public or private debt or other similar financial obligations of Mtron; and any other metric that may be determined by the Committee. Such performance goals also may be based solely by reference to Mtron's performance or the performance of a subsidiary, division, business segment or business unit of Mtron or a subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies.

Other Information. The Incentive Plan may be amended in whole or in part by the Board or the Compensation Committee with the approval of the Board and in certain circumstances with stockholder approval. Unless the Compensation Committee provides otherwise in advance of the grant, in the event of a Change in Control (as defined in the Incentive Plan), if the employee is terminated other than for "cause" within one year of a Change in Control, options and restricted stock (including restricted stock units) shall vest.

Tax Aspects Under the Code

The following summary is intended only as a general guide to the U.S. federal income tax consequences under current law of equity-based awards that may be granted under the Incentive Plan. It does not attempt to describe all possible federal or other tax consequences of participation in the Incentive Plan or tax consequences based on particular circumstances. The exact federal income tax treatment of transactions under the Incentive Plan will vary depending upon the specific facts and circumstances involved and participants are advised to consult their personal tax advisors with regard to all consequences arising from the grant or exercise of awards and the disposition of any acquired shares.

Incentive Stock Options. Incentive stock options under the Incentive Plan are intended to be eligible for the favorable tax treatment accorded "incentive stock options" under the Code. There generally are no federal income tax consequences to the participant or Mtron by reason of the grant or exercise of an incentive stock option. However, the exercise of an incentive stock option may increase the participant's alternative minimum tax liability, if any.

If a participant holds stock acquired through exercise of an incentive stock option for at least two (2) years from the date on which the option is granted and at least one (1) year from the date on which the shares are transferred to the participant upon exercise of the option, any gain or loss on a disposition of such stock will be treated for tax purposes as long-term capital gain or loss.

Generally, if the participant disposes of the stock before the expiration of either of these holding periods (a "disqualifying disposition"), then at the time of disposition the participant will recognize taxable ordinary income equal to the lesser of (a) the excess of the stock's fair market value on the date of exercise over the exercise price, or (b) the participant's actual gain, if any, on the purchase and sale. The participant's additional gain (or any loss) upon the disqualifying disposition will be a capital gain (or loss), which will be long-term or short-term depending on whether the stock was held for more than one (1) year.

To the extent the participant recognizes ordinary income by reason of a disqualifying disposition, Mtron will generally be entitled to a corresponding business expense deduction in the tax year in which the disqualifying disposition occurs, subject to Section 162(m) of the Code.

Non-qualified Stock Options, Restricted Stock Awards, Restricted Stock Units, and Deferred Stock. Non-qualified stock options, restricted stock awards, restricted stock units and deferred stock granted under the Incentive Plan generally have the following federal income tax consequences:

There are no tax consequences to the participant or Mtron by reason of the grant of a non-qualified stock option. Upon exercise of the option, the participant ordinarily will recognize taxable ordinary income equal to the excess, if any, of the stock's fair market value on the exercise date over the exercise price. If the stock received pursuant to the exercise is subject to further vesting requirements, the taxable event will be delayed until the vesting restrictions lapse unless the participant elects under Section 83(b) of the Code to be taxed on receipt of the stock.

There are no tax consequences to the participant or Mtron by reason of the grant of restricted stock, restricted stock units or deferred stock awards. The participant ordinarily will recognize taxable ordinary income equal to the excess, if any, of the stock's fair market value over the purchase price, if any, when such award vests. Under certain circumstances, the participant may be permitted to elect under Section 83(b) of the Code to be taxed on the grant date.

With respect to employees, Mtron is generally required to withhold from regular wages or supplemental wage payments an amount based on the ordinary income recognized. Mtron will generally be entitled to a business expense deduction equal to the taxable ordinary income realized by the participant, subject to Section 162(m) of the Code.

Upon disposition of the stock, the participant will generally recognize a capital gain or loss equal to the difference between the selling price and the sum of the amount paid for such stock (if any) plus any amount recognized as ordinary income upon acquisition (or vesting) of the stock. Such gain or loss will be long-term or short-term depending on whether the stock was held for more than one (1) year.

Stock Appreciation Rights. No taxable income is generally recognized upon the receipt of a SAR, but upon exercise of the SAR, the fair market value of the shares (or cash in lieu of shares) received generally will be taxable as ordinary income to the recipient in the year of such exercise. Mtron generally will be entitled to a compensation deduction for the same amount which the recipient recognizes as ordinary income, subject to Section 162(m) of the Code.

Performance Awards. A participant who has been granted a performance award generally will not recognize taxable income at the time of grant, and Mtron will not be entitled to a deduction at that time. When an award is paid, whether in cash or common shares, the participant generally will recognize ordinary income, and Mtron will be entitled to a corresponding deduction, subject to Section 162(m) of the Code.

Stock Payments and Other Stock-Based Awards. A participant who receives a stock payment in lieu of a cash payment that would otherwise have been made will generally be taxed as if the cash payment has been received, and Mtron generally will be entitled to a deduction for the same amount, subject to Section 162(m) of the Code.

Section 409A of the Code. Most of the awards under the Incentive Plan are exempt from Section 409A of the Code. To the extent that any award hereunder could be subject to Section 409A of the Code, it will be structured to comply with Section 409A of the Code.

Section 162(m) of the Code. The Tax Reform and Jobs Act of 2017 (the "Tax Act") generally eliminated the ability to deduct compensation qualifying for the "performance-based compensation" exception under Section 162(m) of the Code for tax years commencing after December 31, 2017. Section 162(m) of the Code imposes a $1 million limit on the amount that a public company may deduct for compensation paid to anyone who has ever been Mtron's chief executive officer, chief financial officer or one of the three highest compensated officers in any fiscal year beginning after December 31, 2016 (i.e., a "covered employee"). For 2017 and prior taxable years, an exception to this deduction limit applied to "performance-based compensation," such as stock options and other equity awards that satisfied certain criteria. Under the Tax Act, the performance-based pay exception to Section 162(m) was eliminated, but a transition rule may allow the exception to continue to apply to certain performance-based compensation payable under written binding contracts that were in effect on November 2, 2017. The Board of Directors and the committee intend to consider the potential impact of Section 162(m) on grants made under the Incentive Plan, but reserve the right to approve grants of options and other awards for an executive officer that exceeds the deduction limit of Section 162(m).

New Plan Benefits

Grants of awards under the Incentive Plan will be at the discretion of the compensation committee. It has not yet determined to whom and in what amount any future awards will be made.

Compensation Committee Interlocks and Insider Participation

None of the individuals expected to serve on our Compensation Committee following the spin-off are current or former officers or employees of Mtron or any of its subsidiaries. In addition, Mtron is not aware of any interlocking or other relationships or transactions involving any such individuals required to be disclosed under Item 407(e)(4) of Regulation S-K promulgated by the SEC.

DIRECTOR COMPENSATION

It is anticipated that Mtron's directors will be paid director compensation in the form of a cash retainer and awards of common stock as determined by the Compensation Committee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the spin-off, all of the outstanding shares of our common stock will be owned beneficially and of record by the Company. Immediately following the spin-off, the Company will not own any shares of our common stock.

The following table shows the anticipated beneficial ownership of Mtron Common Stock immediately following the spin-off by (i) each person who we believe, based on the assumptions described below, will beneficially own more than 5% of the outstanding shares of Mtron Common Stock, (ii) each of our executive officers, (iii) each person expected to serve as a director on our board of directors immediately following the spin-off, and (iv) all of our expected directors and executive officers immediately following the spin-off as a group. Except as otherwise noted in the footnotes below, (i) each person named in the table below is expected to have sole voting and investment power over the shares of Mtron Common Stock expected to be beneficially owned by such person and (ii) the address of each person named in the table below is 2525 Shader Road, Orlando FL, 32804 unless indicated below.

	Common Stock Beneficially Owned (1)		
Name and Address of Beneficial Owner	**Shares**		**%**
5% Stockholders:			
Mario J. Gabelli	1,042,612	(2)	19.5
Renaissance Technologies, LLC	268,667	(3)	5.0
Directors and Named Executive Officers:			
Marc J. Gabelli	844,883	(4)	15.8
Michael J. Ferrantino	41,721	(5)	*
Linda M. Biles	16,353	(6)	*
Hendi Susanto	8,926		*
Bel Lazar	7,142		*
John S. Mega	6,625		*
Robert V. "Rob" LaPenta Jr.	5,358		*
James W. Tivy	3,000		*
All executive officers and directors as a group (8 persons)	934,008	(7)	17.4

(1) The applicable percentage of ownership for each beneficial owner is based on 5,360,470 shares of common stock outstanding as of May 6, 2022. Shares of common stock issuable upon exercise of options, warrants or other rights beneficially owned that are exercisable within 60 days are deemed outstanding for the purpose of computing the percentage ownership of the person holding such securities and rights and all executive officers and directors as a group.

(2) Includes (i) 500,675 shares of common stock owned directly by Mario J. Gabelli; (ii) 476,937 shares owned by GGCP, Inc., of which Mario J. Gabelli is the chief executive officer, a director and controlling shareholder; (iii) 64,500 shares held by the Gabelli Foundation, Inc., and (iv) 500 shares owned by GAMCO Asset Management, Inc. Mario J. Gabelli disclaims beneficial ownership of the shares owned by GGCP, Inc., except to the extent of his pecuniary interest therein. Mario J. Gabelli's business address is 401 Theodore Fremd Avenue, Rye, New York 10580-1430. This disclosure is based solely on information in a Form 4 filed by Mario J. Gabelli with the SEC on November 18, 2020.

(3) Based on a Schedule 13F filed with the SEC on August 13, 2021 by Renaissance Technologies LLC (“RTC”). The principal business address of RTC is 800 Third Avenue, New York, New York 10022.

(4) Includes (i) 80,580 shares of common stock owned directly by Marc J. Gabelli; and (ii) 764,303 shares held by Venator Merchant Fund, L.P. ("Venator Fund"). Venator Global, LLC ("Venator Global"), which is the sole general partner of Venator Fund, may be deemed to beneficially own the securities owned by Venator Fund. Marc J. Gabelli, who is the President and Sole Member of Venator Global, may be deemed to beneficially own the securities owned by Venator Fund. Marc J. Gabelli disclaims beneficial ownership of the securities owned by Venator Fund, except to the extent of his pecuniary interest therein.

(5) Includes 15,000 shares of unvested restricted stock.

(6) Includes 7,533 shares of unvested restricted stock.

(7) Includes 938,794 shares of common stock with 22,533 unvested restricted shares.

DESCRIPTION OF CAPITAL STOCK

Our certificate of incorporation and bylaws will each be amended and restated prior to the distribution date. The following is a summary of the material terms of our capital stock that will be contained in our amended and restated certificate of incorporation and amended and restated bylaws. The terms of our capital stock may also be affected by Delaware law. The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, our amended and restated certificate of incorporation and amended and restated bylaws, each of which is included as an exhibit to the registration statement on Form 10, of which this information statement is a part. See "Where You Can Find More Information."

Authorized Capital Stock

Under our certificate of incorporation, the total number of shares of all classes of stock that Mtron will have authority to issue will be 30,000,000, consisting of 25,000,000 shares of common stock and 5,000,000 shares of preferred stock.

Common stock

Based on the number of shares of the Company's common stock expected outstanding as of the record date, Mtron expects that 5,360,470 shares of Mtron Common Stock will be distributed in the spin-off. However, the actual number of shares of Mtron Common Stock to be distributed in the spin-off will be determined based on the actual number of shares of the Company's common stock outstanding as of the record date. The shares of Mtron Common Stock distributed in the spin-off will constitute all of the issued and outstanding shares of our capital stock immediately following the distribution.

Mtron may issue additional authorized shares of Mtron Common Stock as authorized by our board of directors from time to time, without stockholder approval, subject to any limitations imposed by the listing standards of any national securities exchange on which Mtron Common Stock may be listed.

Voting Rights

Each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Under our amended and restated certificate of incorporation, our stockholders will not have cumulative voting rights. Because of this, the holders of a majority of the shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election.

Dividend Rights

Subject to preferences that may apply to any then-outstanding preferred stock, the holders of common stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by the board of directors out of legally available funds. We do not anticipate paying any cash dividends in the foreseeable future.

Liquidation Rights

In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

Preemptive or Similar Rights

All of our outstanding shares of Mtron Common Stock currently held by the Company are, and all of the shares of Mtron Common Stock that will be issued in connection with the spin-off will, be fully paid and nonassessable. The holders of Mtron Common Stock have no preemptive rights, and Mtron Common Stock is not subject to any redemption or sinking fund provisions.

Preferred Stock

Under our certificate of incorporation our board of directors may, without further action by our stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of 5,000,000 shares of preferred stock in one or more series and authorize their issuance. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of common stock. Any issuance of preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders would receive dividend payments.

Certain Anti-Takeover Effects

Section 203 of the Delaware General Corporation Law

Mtron will be subject to Section 203 of the Delaware General Corporation Law ("DGCL"), which generally prohibits a publicly held Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, those shares owned (1) by persons who are directors and also officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines a "business combination" to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines an "interested stockholder" as an entity or person who, together with the person's affiliates and associates, beneficially owns or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

A Delaware corporation may "opt out" of these provisions with an express provision in its original certificate of incorporation or an express provision in its amended and restated certificate of incorporation or amended and restated bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. Mtron has not opted out of these provisions. As a result, mergers or other takeover or change in control attempts of us may be discouraged or prevented.

Certificate of Incorporation and Bylaws

Among other things, our certificate of incorporation and bylaws:

- permits our board of directors to issue up to 5,000,000 shares of preferred stock, with any rights, preferences and privileges as they may designate, including the right to approve an acquisition or other change of control;
- provide that the authorized number of directors may be changed only by resolution of our board of directors;
- provide that, subject to the rights of any series of preferred stock to elect directors, directors may only be removed in the manner specified in Section 141(k) of the DGCL;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum, or by the sole remaining director;
- require that any action to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and not be taken by written consent or electronic transmission;

- provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide advance notice in writing, and also specify requirements as to the form and content of a stockholder's notice;
- provide that special meetings of our stockholders may be called by (i) the chairperson of the board of directors, (ii) the chief executive officer or (iii) a majority vote of the board of directors, and by the secretary upon written request of stockholders representing at least 25% of all votes entitled to be voted on the matter to be voted on; and
- not provide for cumulative voting rights, therefore allowing the holders of a majority of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose.

The amendment of any of these provisions would require approval by the holders of at least a majority of the voting power of all of our then-outstanding capital stock entitled to vote generally in the election of directors, voting together as a single class.

The combination of these provisions will make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.
These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce our vulnerability to hostile takeovers and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our stock.

Exclusive Forum Provision

Our certificate of incorporation will contain an exclusive forum provision which provides that, unless our board of directors consents to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery of the State of Delaware lacks jurisdiction over an action or proceeding, then another court of the State of Delaware or, if no court of the State of Delaware has jurisdiction, then the United States District Court for the District of Delaware) will be the sole and exclusive forum for "Covered Proceedings," which include: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees, agents and stockholders to Mtron or its stockholders; (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law ("DGCL"), our certificate of incorporation or bylaws; and (iv) any action asserting a claim governed by the internal affairs doctrine of the State of Delaware. To the extent within the categories set forth in the preceding sentence, Covered Proceedings include causes of action under the Securities Act. The exclusive forum provision will also provide that if any Covered Proceeding is filed in a court other than a court located within the State of Delaware in the name of any stockholder, then such stockholder shall be deemed to have consented to (a) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce the exclusive forum provision and (b) having service of process made upon such stockholder in any such enforcement action by service upon such stockholder's counsel in the action as agent for such stockholder. Notwithstanding the foregoing, stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision of our certificate of incorporation will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction.

The exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with Mtron or its directors, officers or other employees or be cost-prohibitive to stockholders, which may discourage such lawsuits against Mtron and its directors, officers and other employees. However, there is uncertainty regarding whether a court would enforce the exclusive forum provision. If a court were to find the exclusive forum provision to be inapplicable or unenforceable in an action, Mtron may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our financial condition and operating results.

Transfer Agent and Registrar

After the distribution, we expect that the transfer agent and registrar for the Mtron Common Stock will be Computershare. The transfer agent's address and contact information is as follows:

Computershare
211 Quality Circle, Suite 210
College Station, TX 77845
Toll free number: (877) 868-8027
TDD Hearing Impaired: (800) 952-9245
Foreign Stockholders: (201) 680-6578
TDD Foreign Stockholders: (781) 575-4592

Listing and Trading of Our Common Stock

As of the date of this information statement, there is no public market for our common stock. We intend to list Mtron Common Stock on the NYSE American under the symbol "MPTI". The Company expects that the Mtron Common Stock will be listed on the NYSE American on or promptly after the distribution date.

Limitation on Liability and Indemnification of Directors and Officers

The DGCL authorizes corporations to limit or eliminate the personal liability of directors of corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our certificate of incorporation includes a provision that eliminates the personal liability of directors for damages for any breach of fiduciary duty as a director except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended.

Our bylaws provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We also expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers, and certain employees for some liabilities. We will enter into indemnification agreements to indemnify our directors, executive officers and other employees as determined by the board of directors. These agreements will provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding as a result of their services to the Company, cover procedures for advancement of legal fees, include provisions as to the manner of indemnification entitlement determinations and require us to maintain directors' and officers' insurance. We expect to maintain customary directors' and officers' liability insurance. We believe that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability, advancement and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officer pursuant to these indemnification provisions.

To the extent our directors and officers are indemnified against liabilities arising under the Securities Act, whether under the provisions contained in certificate of incorporation or bylaws or pursuant to Delaware law or other contractual arrangements providing for indemnification which we may enter into from time to time, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable

Sale of Unregistered Securities

In connection with the distribution, we will effectuate a forward stock split of the outstanding shares of our common stock held by the Company, which shares will be distributed to the Company's stockholders by means of the distribution. We do not intend to register the issuance of the shares under the Securities Act because the issuance will not constitute a public offering.

WHERE YOU CAN FIND MORE INFORMATION

Mtron has filed a registration statement on Form 10 with the SEC with respect to the shares of Mtron Common Stock that the stockholders of the Company will receive in the distribution. This information statement is a part of that registration statement and, as allowed by SEC rules, does not include all of the information that you can find in the registration statement or in the exhibits to the registration statement. For additional information relating to us and the spin-off, we refer you to the registration statement and its exhibits, which are available from the SEC as described below. Statements contained in this information statement as to the contents of any contract or document referred to are not necessarily complete and in each instance, if the contract or document is filed as an exhibit to the registration statement, we refer you to the copy of the contract or other document so filed. Mtron qualifies each statement in all respects by the relevant reference.

Mtron will maintain a website at www.mtronpti.com. Our website and the information contained on or connected to that site do not and will not constitute part of, and are not incorporated into, this information statement or the registration statement on Form 10, of which this information statement is a part.

As a result of the distribution, Mtron will become subject to the information and reporting requirements of the Exchange Act and, accordingly, it will file annual, quarterly and current reports, proxy statements and other information with the SEC. The registration statement referred to above, including its exhibits, is, and our future filings with the SEC will be, available to the public on the Internet website maintained by the SEC at www.sec.gov. In addition, Mtron plans to make available, free of charge, on our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, reports filed under Section 16 of the Exchange Act and amendments to those reports as soon as reasonably practicable after we electronically file or furnish those materials to the SEC.

Mtron intends to furnish holders of Mtron Common stock with annual reports containing consolidated financial statements prepared in accordance with GAAP and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or in the documents incorporated by reference herein. Mtron has not authorized any person to provide you with different information or to make any representation not contained in, or incorporated by reference into, this information statement and, if given or made, such information or representation must not be relied upon as having been authorized by Mtron or the Company. Neither the delivery of this information statement nor consummation of the spin-off shall under any circumstances create any implication that there has been no change in our affairs or those of the Company since the date of this information statement, or that the information in this information statement is correct as of any time after its date.

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MTRON BUSINESS OF LGL GROUP, INC.

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Report of Independent Registered Public Accounting Firm

Shareholders and the Board of Directors
LGL Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying combined balance sheets of the Mtron business of the LGL Group, Inc. (the Company) as of December 31, 2021 and 2020, the related combined statements of operations, equity and cash flows, for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter

As described in Note B to the combined financial statements, the accompanying combined financial statements have been prepared from the separate records maintained by the Company. The combined financial statements also include expense allocations for certain corporate functions historically provided by the LGL Group, Inc. These allocations may not be reflective of the actual expense that would have been incurred had the Company operated as a separate entity apart from the LGL Group, Inc. A summary of transactions with related parties is included in Note C to the combined financial statements.

/s/ RSM US LLP

We have served as the Company's auditor since 2020.

Orlando, Florida
April 11, 2022

MTRON BUSINESS OF THE LGL GROUP, INC.
COMBINED BALANCE SHEETS
(Dollars in Thousands)

	December 31, 2021	December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 2,635	$ 2,456
Accounts receivable, net of allowances of $131 and $117, respectively	3,995	3,948
Inventories, net	5,221	5,105
Prepaid expenses and other current assets	242	233
Total Current Assets	12,093	11,742
Property, Plant and Equipment		
Land	536	536
Buildings and improvements	4,869	4,810
Machinery and equipment	18,176	17,135
Gross property, plant and equipment	23,581	22,481
Less: accumulated depreciation	(20,199)	(19,710)
Net property, plant and equipment	3,382	2,771
Right-of-use lease asset	218	203
Due from related party	1,969	286
Intangible assets, net	152	206
Deferred income tax asset	2,187	2,694
Other assets	5	16
Total Assets	$ 20,006	$ 17,918
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	$ 1,396	$ 1,209
Accrued compensation and commissions expense	1,213	1,111
Other accrued expenses	403	492
Total Current Liabilities	3,012	2,812
Long-term lease liability	145	132
Total Liabilities	3,157	2,944
Contingencies (Note L)		
Equity		
Net investment by LGL Group, Inc.	16,849	14,974
Total Equity	16,849	14,974
Total Liabilities and Equity	$ 20,006	$ 17,918

See Accompanying Notes to Combined Financial Statements.

MTRON BUSINESS OF THE LGL GROUP, INC.
COMBINED STATEMENTS OF OPERATIONS
(Dollars in Thousands)

	Year Ended December 31, 2021	Year Ended December 31, 2020
REVENUES	$ 26,694	$ 29,984
Costs and expenses:		
Manufacturing cost of sales	17,358	19,688
Engineering, selling and administrative	7,222	7,266
OPERATING INCOME	2,114	3,030
Other Expense:		
Interest expense, net	(12)	(86)
Other expense, net	11	(51)
Total other expense, net	(1)	(137)
INCOME BEFORE INCOME TAXES	2,113	2,893
Income tax provision	531	583
NET INCOME	$ 1,582	$ 2,310

See Accompanying Notes to Combined Financial Statements.

MTRON BUSINESS OF THE LGL GROUP, INC.
COMBINED STATEMENTS OF EQUITY
(Dollars in Thousands)

	Net Investment by LGL Group
Balance at December 31, 2019	$ 12,787
Net income	2,310
Net transfers to LGL Group, Inc.	(123)
Balance at December 31, 2020	$ 14,974
Net income	1,582
Net transfers from LGL Group, Inc.	293
Balance at December 31, 2021	$ 16,849

See Accompanying Notes to Combined Financial Statements.

MTRON BUSINESS OF THE LGL GROUP, INC.
COMBINED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	Year Ended December 31, 2021	2020
OPERATING ACTIVITIES		
Net income	$ 1,582	$ 2,310
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	488	435
Amortization of finite-lived intangible assets	54	54
Stock-based compensation expense	292	145
Deferred income tax expense	507	491
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable, net	(47)	215
(Increase) decrease in inventories, net	(116)	718
Decrease (increase) in prepaid expenses and other assets	2	(24)
Increase (decrease) in accounts payable, accrued compensation and commissions expense and other	198	(438)
Net cash provided by operating activities	2,960	3,906
INVESTING ACTIVITIES		
Capital expenditures	(1,099)	(407)
Net cash used in investing activities	(1,099)	(407)
FINANCING ACTIVITIES		
Net transfers from (to) LGL Group, Inc.	1	(268)
Payments to related party	(1,683)	(320)
Repayment of LGL Group, Inc. loan	—	(3,323)
Net cash used in financing activities	(1,682)	(3,911)
Increase (decrease) in cash and cash equivalents	179	(412)
Cash and cash equivalents at beginning of year	2,456	2,868
Cash and cash equivalents at end of year	$ 2,635	$ 2,456

See Accompanying Notes to Combined Financial Statements.

MTRON BUSINESS OF THE LGL GROUP, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS

A. Description of Business

MTron Industries, Inc. (the “Company”, “we”, “our” or “us”) was founded in 1965 and is engaged in the design, manufacturing and marketing of highly-engineered, high reliability frequency and spectrum control products used to control the frequency or timing of signals in electronic circuits.

The Company’s operations include its two principal subsidiaries, (1) Piezo Technology, Inc. ("PTI") and (2) M-tron Asia, LLC ("Mtron"). The Company has operations in Orlando, Florida; Yankton, South Dakota; and Noida, India, and has sales offices in Austin, Texas and Hong Kong. The Company and its subsidiaries currently operate together as a single group under the MtronPTI brand (“Mtron PTI”).

The Company offers a wide range of precision frequency control and spectrum control solutions including: RF, microwave and millimeter wave filters; cavity, crystal, ceramic, lumped element and switched filters; high performance and high frequency OCXOs, integrated PLL OCXOs, TCXOs, VCXOs, low jitter and harsh environment oscillators; crystal resonators, Integrated Microwave Assemblies (IMA); and state-of-the-art solid state power amplifier products.

B. Summary of Significant Accounting Policies

Basis of Presentation

The combined financial statements include the accounts of the Company and all of its majority-owned subsidiaries. Intercompany transactions and accounts have been eliminated. The combined financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”).

The combined financial statements have been derived from the consolidated financial statements and accounting records of The LGL Group, Inc. (“LGL Group”) and have been prepared under GAAP. These combined financial statements may not be indicative of the Company’s future performance and do not necessarily reflect what the financial position, results of operations, and cash flows would have been had it operated as an independent company during the periods presented.

Transactions between the Company and LGL Group have been included in these combined financial statements. For those transactions between the Company and LGL Group that have been historically settled in cash, the Company has reflected such balances in the Combined Balance Sheets as Due from Related Parties or Due to Related Parties. The aggregate net effect of transactions between the Company and related parties that have been historically settled other than in cash are reflected in the Combined Balance Sheets as Net Investment by LGL Group, Inc. and in the Combined Statements of Cash Flows as Net Transfers to LGL Group, Inc. For additional information, see Note C – Related Party Transactions.

The Combined Balance Sheets include certain LGL Group assets and liabilities that are specifically identifiable or otherwise attributable to the Company. The debt and associated interest expense in these combined financial statements relate to third-party borrowings under a revolving credit agreement specifically attributable to legal obligations of the Company.

The Cash and Cash Equivalents held by LGL Group at the corporate level are not specifically identifiable to the Company and, therefore, have not been reflected in the Company’s Combined Balance Sheets. Cash and Cash Equivalents in the Combined Balance Sheets represent Cash and Cash Equivalents held by the Company at the respective period-ends.

The Combined Statements of Operations include an allocation for certain corporate and shared service functions historically provided by our Parent, including, but not limited to, executive oversight, accounting, tax, and other shared services. These expenses have been allocated to us on the basis of direct usage when identifiable, with the remainder allocated on a pro rata basis of consolidated sales or other measures considered to be a reasonable reflection of the historical utilization levels of these services. Management believes the assumptions underlying our combined financial statements, including the assumptions regarding the allocation of general corporate expenses from our Parent, are reasonable. Nevertheless, our combined financial statements may not include all of the actual expenses that would have been incurred had we operated as a standalone company during the periods presented and may not reflect our combined results of operations, financial position and cash flows had we operated as a standalone company during the periods presented. Actual costs that would have been incurred if we had operated as a standalone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Going forward, the Company may perform these functions using its own resources or outsourced services. For a period following the planned separation, some of these functions may continue to be provided by LGL Group under a transition services agreement, and the Company may provide some services to LGL Group under the transition services agreement. The Company may also enter into certain commercial arrangements with LGL Group in connection with the planned separation. We also may incur additional costs associated with being a standalone, publicly listed company that were not included in the expense allocations and, therefore, would result in additional costs that are not reflected in our historical results of operations, financial position and cash flows.

During the period presented in these Combined Financial Statements, the Company's income tax expense and deferred tax balances have been included in the LGL Group' income tax returns. Income tax expense and deferred tax balances contained in the Combined Financial Statements are presented on a separate return basis, as if the Company had filed its own income tax returns. As a result, actual tax transactions included in the consolidated financial statements of LGL Group may or may not be included in the Combined Financial Statement of the Company. Similarly, the tax treatment of certain items reflected in the Combined Financial Statement of the Company may or may not be reflected in the consolidated financial statements and income tax returns of LGL Group. The taxes recorded in the Combined Statements of Operations are not necessarily representative of the taxes that may arise in the future if the Company files its income tax returns independent from LGL Group' returns.

Uses of Estimates

The preparation of the combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly-liquid investments with no maturity or with a maturity of less than three months when purchased.

Accounts Receivable

Accounts receivable consists principally of amounts due from both domestic and foreign customers. Credit is extended based on an evaluation of the customer's financial condition and collateral is not required. In relation to export sales, the Company requires letters of credit supporting a significant portion of the sales price prior to production to limit exposure to credit risk. Certain credit sales are made to industries that are subject to cyclical economic changes.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. These allowances are maintained at a level that management believes is sufficient to cover potential credit losses. Estimates are based on historical collection experience, current trends, credit policy and the relationship between accounts receivable and revenues. In determining these estimates, the Company examines historical write-offs of its receivables and reviews each customer's account to identify any specific customer collection issues. If the financial condition of its customers were to deteriorate, resulting in an impairment of their ability to make payment, additional allowances might be required.

Inventories

Inventories are valued at the lower of cost or net realizable value using the FIFO (first-in, first-out) method.

The Company maintains a reserve for inventory based on estimated losses that result from inventory that becomes obsolete or for which the Company has excess inventory levels. In determining these estimates, the Company performs an analysis on current demand and usage for each inventory item over historical time periods. Based on that analysis, the Company reserves a percentage of the inventory amount within each time period based on historical demand and usage patterns of specific items in inventory.

Property, Plant and Equipment, Net

Property, plant and equipment are recorded at cost less accumulated depreciation and include expenditures for major improvements. Maintenance and repairs are charged to operations as incurred. Depreciation is computed for financial reporting purposes using the straight-line method over the estimated useful lives of the assets, which range from 5 years to 35 years for buildings and improvements, and from 3 years to 10 years for other fixed assets. Property, plant and equipment are periodically reviewed for indicators of impairment. If any such indicators were noted, the Company would assess the appropriateness of the assets' carrying value and record any impairment at that time.

Depreciation expense was approximately $488,000 and $435,000 for the years ended December 31, 2021 and 2020, respectively.

Intangible Assets

Intangible assets are recorded at cost less accumulated amortization. Amortization is computed for financial reporting purposes using the straight-line method over the estimated useful lives of the assets, which range up to 10 years. The intangible assets consist of intellectual property and goodwill. The net carrying value of the intangible assets was $112,000 and $166,000 as of December 31, 2021 and 2020, respectively. Goodwill, which is not amortizable, was $40,000 as of December 31, 2021 and 2020.

The estimated aggregate amortization expense for intangible assets, excluding goodwill, for each of the remaining years of the estimated useful life is as follows (in thousands):

2022		54
2023		54
2024		4
Total	$	112

Warranties

The Company offers a standard one-year warranty. The Company tests its products prior to shipment in order to ensure that they meet each customer's requirements based upon specifications received from each customer at the time its order is received and accepted. The Company's customers may request to return products for various reasons, including, but not limited to, the customers' belief that the products are not performing to specification. The Company's return policy states that it will accept product returns only with prior authorization and if the product does not meet customer specifications, in which case the product would be replaced or repaired. To accommodate the Company's customers, each request for return is reviewed; and if and when it is approved, a return materials authorization ("RMA") is issued to the customer.

Each month, the Company records a specific warranty reserve for approved RMAs covering products that have not yet been returned. The Company does not maintain a general warranty reserve because, historically, valid warranty returns resulting from a product not meeting specifications or being non-functional have been de minimis. As of December 31, 2021 and 2020, accrued warranty reserve was $80,000 and $21,000, respectively.

Revenue Recognition

The Company recognizes revenue from the sale of its products in accordance with the criteria in Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers, which are:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company meets these conditions upon the Company’s satisfaction of the performance obligation, usually at the time of shipment to the customer, because control passes to the customer at that time. Our standard terms for customers are net due within 30 days, with a few exceptions, none regularly exceeding 60 days.

The Company provides disaggregated revenue details by geographic markets in Note M – Domestic and Foreign Revenues.

The Company offers a limited right of return and/or authorized price protection provisions in its agreements with certain electronic component distributors who resell the Company's products to original equipment manufacturers or electronic manufacturing services companies. As a result, the Company estimates and records a reserve for future returns and other charges against revenue at the time of shipment consistent with the terms of sale. The reserve is estimated based on historical experience with each respective distributor. These reserves and charges are immaterial as the Company does not have a history of significant price protection adjustments or returns. The Company provides a standard assurance warranty that does not create a performance obligation.

Practical Expedients:

- The Company applies the practical expedient for shipping and handling as fulfillment costs.
- The Company expenses sales commissions as sales and marketing expenses in the period they are incurred.

Shipping Costs

Amounts billed to customers related to shipping and handling are classified as revenue, and the Company's shipping and handling costs are included in manufacturing cost of sales.

Research and Development Costs

Research and development costs are charged to operations as incurred. Such costs were approximately $2,006,000 and $2,036,000 for the years ended December 31, 2021 and 2020, respectively, and are included within engineering, selling and administrative expenses.

Stock-Based Compensation

Certain Company employees participate in the share-based compensation plans sponsored by LGL Group. LGL Group's share-based compensation awards granted to employees of the Company consist of LGL Group stock options and restricted stock. As such, the awards to Company employees are reflected in Net Investment by LGL Group, Inc. within the Combined Statements of Equity at the time they are expensed. The Combined Statements of Operations also includes an allocation of LGL's corporate and shared employee share-based compensation expenses.

The Company measures the cost of employee services in exchange for an award of equity instruments based on the grant-date fair value of the award and recognizes the cost over the requisite service period, typically the vesting period.

Restricted stock awards are measured at the market price of the LGL Group's common stock on the date of the grant and recognized over the respective service period.

Income Taxes

The Company's deferred income tax assets represent (a) temporary differences between the financial statement carrying amount and the tax basis of existing assets and liabilities that will result in deductible amounts in future years and (b) the tax effects of net operating loss carryforwards.

The Company periodically undertakes a review of its valuation allowance, and it evaluates all positive and negative factors that may affect whether it is more likely than not that the Company would realize its future tax benefits from its deferred tax balances. Pursuant to ASC 740, *Income Taxes* ("ASC 740"), the Company determined, during the year ended December 31, 2021, that it is more likely than not that substantially all of its U.S. deferred tax assets related to research and development tax credits can be utilized in the foreseeable future and that a previously recorded valuation allowance, amounting to $374,000, be reversed to record deferred tax assets at their expected net realizable value.

We recognize tax benefits related to uncertain tax positions only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities. For those positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. For the year ended December 31, 2021, we recorded unrecognized tax benefits of $448,000.

Historically, the Company's income tax expense and deferred tax balances have been included in the LGL Group's income tax returns. See Note E – Income Taxes, for further information regarding income taxes.

Concentration Risks

In 2021, the Company's largest customer, a commercial aerospace and defense company, accounted for $7,838,000, or 29.4%, of the Company's total revenues, compared to $7,802,000, or 26.0%, of the Company's total revenues in 2020. The Company's second largest customer, a defense contractor, accounted for $3,138,000, or 11.8%, of the Company's total revenues, compared to $5,550,000, or 18.5%, of the Company's total revenues in 2020.

A significant portion of the Company's accounts receivable is concentrated with a relatively small number of customers. As of December 31, 2021, four of the Company's largest customers accounted for approximately $2,568,000, or 62.3%, of accounts receivable. As of December 31, 2020, four of the Company's largest customers accounted for approximately $2,301,000, or 57.1%, of accounts receivable. The Company carefully evaluates the creditworthiness of its customers in deciding to extend credit and utilizes letters of credit to further limit credit risk for export sales. As a result of these policies, the Company has experienced very low historical bad debt expense and believes the related risk to be minimal.

At various times throughout the year and at December 31, 2021 and 2020, some deposits held at financial institutions were in excess of federally insured limits. The Company has not experienced any losses related to these balances.

Segment Information

ASC 280, *Segment Information* ("ASC 280") requires companies to report financial and descriptive information for each identified operating segment based on management's internal organizational decision-making structure. Management has identified the Company's only segment as electronic components.

Impairments of Long-Lived Assets

Long-lived assets, including intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Long-lived assets are grouped with other assets to the lowest level to which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. Management assesses the recoverability of the carrying cost of the assets based on a review of projected undiscounted cash flows. If an asset is held for sale, management reviews its estimated fair value less cost to sell. Fair value is determined using pertinent market information, including appraisals or broker's estimates, and/or projected discounted cash flows. In the event an impairment loss is identified, it is recognized based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset.

The Company reviews goodwill annually and the carrying value of long-lived assets whenever events and circumstances indicate that the carrying amounts of the assets may not be recoverable. If it is determined that the assets are impaired, the carrying value would be reduced to estimated recoverable value.

Impacts of COVID-19

We performed an assessment to determine if there were any indicators of impairment as a result of the operating conditions resulting from the coronavirus ("COVID-19") pandemic at the end of each of the 2020 and 2021 fiscal quarters, including at December 31, 2021. We concluded that, while there were events and circumstances in the macro-environment that did impact us, we did not experience any entity-specific indicators of asset impairment and no triggering events occurred.

Net Investment by LGL Group, Inc.

Net investment by LGL Group, Inc. in the Combined Balance Sheets is presented in lieu of stockholders' equity and represents LGL Group's historical investment in the Company, the accumulated net earnings after taxes and the net effect of the transactions with and allocations from LGL Group. All transactions reflected in Net Investment by LGL Group, Inc. in the accompanying Combined Balance Sheets have been considered as financing activities for purposes of the Combined Statements of Cash Flows.

For additional information, see Basis of Presentation above and Note C – Related Party Transactions.

Financial Instruments

Cash and cash equivalents, trade accounts receivable, trade accounts payable and accrued expenses are carried at cost which approximates fair value due to the short-term maturity of these instruments.

Foreign Currency Translation

The assets and liabilities of international operations are remeasured at the exchange rates in effect at the balance sheet date for monetary assets and liabilities and at historical rates for nonmonetary assets and liabilities, with the related remeasurement gains or losses reported within the combined statements of operations. The results of international operations are remeasured at the monthly average exchange rates. The Company's foreign subsidiaries and respective operations' functional currency is the U.S. dollar. The Company has determined this based upon the majority of transactions with customers as well as intercompany transactions and parental support being based in U.S. dollars. The Company has recognized a remeasurement gain (loss) of $11,000 and ($95,000) in 2021 and 2020, respectively, which is included within other income, net in the Combined Statements of Operations.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value guidance identifies three primary valuation techniques: the market approach, the income approach and the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset.

The Company estimates the fair value of property and equipment and trade name in accordance with the provisions of ASC 820. The recorded amounts for cash and cash equivalents, accounts receivable, prepaid expenses, other current assets and current liabilities approximate fair value due to the short-term nature of these assets and liabilities.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The maximization of observable inputs and the minimization of the use of unobservable inputs are required.

Classification within the fair value hierarchy is based upon the objectivity of the inputs that are significant to the valuation of an asset or liability as of the measurement date. The three levels within the fair value hierarchy are characterized as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Unobservable inputs for the asset or liability for which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the Company's own assumptions about what market participants would use to price the asset or liability. These inputs may include internally developed pricing models, discounted cash flow methodologies as well as instruments for which the fair value determination requires significant management judgment.

Recently Issued Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, "*Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments (ASU 2016-13*)," which changes the impairment model for most financial assets. The standard replaces the incurred loss model with the current expected credit loss ("CECL") model to estimate credit losses for financial assets. The provisions of the standard are effective for the Company on January 1, 2023; early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its combined financial statements.

Other accounting standards that have been issued by the FASB or other standard-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's combined financial statements.

C. Related Party Transactions

The combined financial statements have been prepared on a standalone basis and are derived from the consolidated financial statements and accounting records of The LGL Group, Inc. The following discussion summarizes activity between the Company and LGL Group.

Allocation of General Corporate Expenses

For purposes of preparing these combined financial statements on a "carve-out" basis, we have allocated a portion of LGL Group's corporate expenses, totaling $921,000 and $605,000 to the Company for the years ended December 31, 2021 and 2020, respectively, which are recorded within engineering, selling and administrative expenses. See Note B – Summary of Significant Accounting Policies for a discussion of the methodology used to allocate corporate-related costs for purposes of preparing these financial statements on a "carve-out" basis.

Due to and from Related Parties

Balances between the Company and LGL Group, Inc. that are derived from transactions that have been historically cash settled are reflected in the Combined Balance Sheets as Due to Related Parties. Balances between the Company and LGL Group, Inc. or its affiliates derived from transactions that have been historically settled other than in cash are included in Net Investment by LGL Group, Inc. within Equity on the Combined Balance Sheets.

Loan Payable to Related Party

The Company had a loan payable to LGL with a balance of $3,323,000 at December 31, 2019. This loan carried interest at an annual rate of 6.25%. Interest expense was $75,000 for the year ended December 31, 2020. The loan was repaid during 2020.

Net Transfers to LGL Group, Inc.

The following table presents the components of Net Transfers to LGL Group, Inc. in the 2021 and 2020 Combined Statements of Equity:

	2021	2020
Corporate Expense Allocations	$ 29	$ (207)
Share-based Compensation Expense	292	145
Assumed Income Tax Payments	(28)	(61)
Total Net Transfers to (from) LGL Group, Inc.	$ 293	$ (123)

D. Inventories

The Company reduces the value of its inventories to net realizable value when the net realizable value is believed to be less than the cost of the item. The inventory reserve for excess and obsolescence inventory as of December 31, 2021 and 2020 was $1,381,000 and $1,181,000, respectively. The components of inventory as of December 31, 2021 and 2020 are summarized below:

	December 31,	
	2021	2020
	(in thousands)	
Raw materials	$ 2,061	$ 1,907
Work in process	2,190	2,465
Finished goods	970	733
Total Inventories, net	$ 5,221	$ 5,105

E. Income Taxes

The Company periodically undertakes a review of its valuation allowance and evaluates all positive and negative factors that may affect whether it is more likely than not that the Company would realize its future tax benefits from its deferred tax balances. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become realizable.

During 2021, as a result of current and expected future taxable income, the Company released its valuation allowance over a portion of its deferred tax assets as the deferred tax assets became more likely than not to be realized.

Income tax provision for the year ended December 31, 2021 and 2020 is as follows:

	2021	2020
	(in thousands)	
Current:		
Federal	$ —	$ —
State and local	23	38
Foreign	—	50
Total Current	23	88
Deferred:		
Federal	455	443
State and local	52	20
Foreign	1	32
Net deferred	508	495
Income tax provision	$ 531	$ 583

A reconciliation of the provision for income taxes and the amount computed by applying the statutory federal income tax rate to income before income taxes is detailed below:

	2021	2020
	(in thousands)	
Tax provision at expected statutory rate	$ 444	$ 608
State taxes, net of federal benefit	75	59
Permanent differences	3	55
Credits	(74)	(125)
Foreign tax expense, and other	(12)	1
Change in rate	1	(25)
Change in valuation allowance	(374)	5
Change in uncertain tax positions	448	—
Other	20	5
Provision for income taxes	$ 531	$ 583
Effective tax rate	25.1%	20.2%

Deferred income taxes for 2021 and 2020 were provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. Tax effects of temporary differences and carry-forwards at December 31, 2021 and 2020 were as follows:

	December 31, 2021		December 31, 2020	
	Deferred Tax		Deferred Tax	
	Asset	Liability	Asset	Liability
	(in thousands)			
Inventory reserve	$ 334	$ —	$ 292	$ —
Fixed assets	—	44	—	61
Other reserves and accruals	181	—	222	—
Stock-based compensation	2	—	8	—
Other	—	15	—	20
Tax credit carryforwards	1,343	—	1,717	—
Federal tax loss carryforwards	204	—	682	—
State tax loss carryforwards	148	—	193	—
Foreign tax loss carryforwards	34	—	35	—
Total deferred income taxes	2,246	$ 59	3,149	$ 81
Valuation allowance	—		(374)	
Net deferred tax assets	$ 2,187		$ 2,694	

Deferred tax assets totaled $2,187,000 at December 31, 2021 which includes the tax effect of federal, state and foreign net operating loss carryforwards and our federal tax credits. We recognize federal, state and foreign net operating loss carryforwards and our federal tax credits as deferred tax assets, subject to valuation allowances. At each balance sheet date, we estimate the amount of carryforwards that are not expected to be used prior to expiration of the carryforward period.

The Company has a total gross federal NOL carryforward of $973,000 as of December 31, 2021. This federal NOL carryforward expires through 2038, if not utilized prior to that date. The Company has total state NOL carryforwards of $3,400,000 as of December 31, 2021. These state NOL balances expire through 2038. The Company has research and development tax credit carryforwards of approximately $1,343,000 at December 31, 2021 that can be used to reduce future income tax liabilities and expire principally between 2022 and 2040.

For purposes of our combined financial statements, income taxes have been calculated as if we file income tax returns for the Company on a standalone basis. The Company’s U.S. operations and certain of its non-U.S. operations historically have been included in the income tax returns of LGL or its subsidiaries that may not be part of the Company. The Company believes the assumptions supporting its allocation and presentation of income taxes on a separate return basis are reasonable. Deferred tax assets totaling $1,354,000 and included in the above balances are expected to be utilized by LGL on its 2021 consolidated tax return, and would be deducted from the deferred tax asset balance and included in the Net investment by LGL Group, Inc. on the Company’s consolidated balance sheet and shown as Net transfers to LGL Group within the combined statements of equity.

Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of a global business, there are many transactions for which the ultimate tax outcome is uncertain. We review our tax contingencies on a regular basis and make appropriate accruals as necessary.

As of December 31, 2021, our unrecognized tax benefits totaled $448,000, and are included within other liabilities in our consolidated balance sheet. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2021 (in thousands)
Balance at January 1	$ —
Additions for tax positions of prior years	419
Additions based on tax positions related to the current year	29
Balance at December 31	$ 448

The Company will recognize any interest and penalties related to unrecognized tax positions in income tax expense. Net adjustments to accruals for interest and penalties associated with uncertain tax positions was immaterial for 2021. Our total accrued interest and penalties associated with uncertain tax positions were immaterial as of December 31, 2021. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is $448,000. We do not expect a significant change to the amount of unrecognized tax benefits over the next 12 months. We believe that the taxes accrued in our consolidated balance sheet fairly represent the amount of income taxes to be settled or realized in the future.

The Company files income tax returns in the U.S. federal, various state, Hong Kong and India jurisdictions. The statute of limitations for assessment by the Internal Revenue Service ("IRS") and state tax authorities is open for tax returns for years ended December 31, 2018, 2019 and 2020; although carryforward attributes that were generated prior to tax year 2018, including NOL carryforwards and tax credits, may still be adjusted upon examination by the IRS or state tax authorities, if they either have been or will be used in a future period. The Company is generally subject to examinations by foreign tax authorities from 2016 to the present.

F. Revolving Credit Agreement

On May 12, 2020, the Company and its subsidiary PTI (collectively, the “Borrowers”), entered into a loan agreement for a revolving line of credit with Synovus Bank, an unaffiliated entity, as the lender (“Lender”), for up to $3.5 million (the “Loan Agreement”), such amount to be used for working capital and general operations. The Loan Agreement is evidenced by a promissory note dated May 12, 2020 that matures on May 12, 2022 (the “Note”) and a corresponding security agreement (the “Security Agreement”). The Note bears interest at the London Inter-bank Offered Rate (“LIBOR”) 30-day rate plus 2.50% with a floor of 0.50%. Upon discontinuance or lack of availability of the LIBOR rate, Lender is required to determine a comparable equivalent replacement rate. Accrued interest-only payments are due on a monthly basis until the maturity date. The Borrowers may prepay all or any portion of the loans under the Loan Agreement at any time, without fee, premium or penalty. The Loan Agreement also includes a clean-up provision; whereby, during each 12-month period, the outstanding balance must remain at zero for 30 consecutive days. In accordance with the Security Agreement, all property of the Borrowers, both tangible and intangible, will serve as security for borrowings under the Loan Agreement. At December 31, 2021 and 2020, the Company had no outstanding borrowings under its revolving line of credit with Synovus Bank.

The Loan Agreement contains various affirmative and negative covenants that are customary for lines of credit and transactions of this type which the Company is in compliance with, including limitations on the incurrence of debt and liabilities by the Borrowers, as well as financial reporting requirements. The Loan Agreement also imposes certain financial covenants based on Debt Service Coverage Ratio and the Ratio of Total Liabilities to Total Net Worth (as such terms are defined in the Loan Agreement). In the event of default, the Lender has the right to terminate its commitment to make loans pursuant to the Loan Agreement and to accelerate the payment on any unpaid principal amount of all outstanding loans and interest thereon. All loans pursuant to the Loan Agreement are secured by a continuing and unconditional first priority security interest in and to any and all property of the Borrowers.

G. Leases

We lease certain manufacturing and office space and equipment. We determine if an arrangement is a lease at inception. A contract is or contains a lease if the contract conveys the right to control the use of identified property, plant or equipment (an identified asset) for a period of time in exchange for consideration. Amounts associated with operating leases, which are not short-term, are included in right-of-use lease assets, other accrued expenses and long-term lease liabilities in our Combined Balance Sheets. Right-of-use lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. We use our incremental borrowing rate at the lease commencement date in determining the present value of lease payments. Short-term leases, leases with an initial term of 12 months or less, are not recorded in the Combined Balance Sheets; we recognize lease expense for these short-term leases on a straight-line basis over the lease term.

The Company leases certain property and equipment, including warehousing, and sales and distribution equipment, under operating leases with terms that range from one to five years. Certain of these leases have one or more options to renew, with renewal terms that can extend the lease term from one to 10 years or more, and the exercise of lease renewal options under these leases is at our sole discretion. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Total operating lease costs amounted to $476,000 and $546,000 for the years ended December 31, 2021 and 2020, respectively.

Our total lease obligation, as discounted for imputed interest, is $218,000 of which the current portion of $73,000 is included in other accrued expenses on the combined balance sheets at December 31, 2021.

Future minimum lease payment obligations under operating leases are as follows (in thousands):

		2021
2022		74
2023		74
2024		74
2025		12
Total lease payments		234
Less: interest		(16)
Total lease payments	$	218

H. Stock-Based Compensation

On August 4, 2011, LGL Group’s stockholders approved the 2011 Incentive Plan. 500,000 shares of common stock were authorized for issuance under the 2011 Incentive Plan. On June 16, 2016, LGL Group’s stockholders approved the Amended and Restated 2011 Incentive Plan (the “Plan”) which increased the number of shares of common stock authorized for issuance under the Plan to 750,000 shares of common stock. On August 4, 2021, the 2011 Incentive Plan terminated. On December 28, 2021, LGL Group’s stockholders approved the 2021 Incentive Plan, including the authority to issue 1,000,000 shares of common stock. At December 31, 2021, 946,511 shares remained available for future issuance under the 2021 Incentive Plan.

Restricted stock awards are measured at a value equal to the market price of LGL Group's common stock on the date of grant which is recognized over the service period of the shares.

Total stock-based compensation expense recorded by LGL Group was $309,000 and $151,000 for the years ended December 31, 2021 and 2020, respectively, as a result of the options and restricted stock disclosed below, with $292,000 and $145,000 allocated to the Company for the years ended December 31, 2021 and 2020, respectively, recorded within engineering, selling and administrative expenses. The allocation was based on the basis of direct usage for direct employees of the Company, with the remainder allocated on a pro rata basis of consolidated sales, which is considered to be a reasonable reflection of the historical utilization levels of these services. The amounts presented are not necessarily indicative of future awards and do not necessarily reflect the results that the Company would have experienced as a standalone company for the period presented.

The following table summarizes information about allocated LGL Group stock options outstanding and exercisable at December 31, 2021:

	Number of Shares Outstanding	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value (in thousands)
Option Balances at December 31, 2020	33,000	$ 10.58	$ 3.27	3.1	$ 69
Options Granted	-	-	-	-	-
Options Exercised	(8,000)	3.90	0.89	-	-
Options Forfeited	-	-	-	-	-
Option Balances at December 31, 2021	25,000	$ 12.72	$ 4.02	2.9	$ —
Options Exercisable at December 31, 2021	15,000	$ 12.72	$ 4.02	2.9	$ —

A summary of LGL Group's restricted stock awards for the year ended December 31, 2021 follows:

	Number of Shares	Weighted Average Grant Date Fair Value	Aggregate Grant Date Fair value (in thousands)
Balance at December 31, 2020	55,762	$ 9.42	$ 525
Granted	45,000	11.84	533
Vested	(18,229)	11.72	(214)
Forfeited	(26,250)	9.01	(236)
Balance at December 31, 2021	56,283	$ 10.80	$ 608

The following disclosures of share-based compensation expense recognized by the Company are based on the expense from grants related directly to Company employees.

Stock Options

Stock options are granted with an exercise price equal to the fair market value of LGL Group common stock on the date of grant. Stock options have a maximum term of 10 years and generally vest ratably over three to five years. The fair value of stock options granted is determined using the Black-Scholes option-pricing model. The determination of the fair value of options is affected by the LGL stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the LGL Group expected stock price volatility over the term of the awards. There were no stock options issued to Company employees during 2021 or 2020.

As of December 31, 2021, there was $28,000 of total unrecognized compensation cost, related to unvested stock options. That cost is expected to be recognized over a weighted average period of 0.9 years.

As of December 31, 2021, there were 25,000 outstanding stock options, 15,000 of which were fully vested, with no intrinsic value.

Restricted Stock

Restricted stock vests over the terms as indicated within each restricted stock agreement. The fair value of restricted stock awards is based on the market value of an unrestricted share of LGL Group common stock on the date of grant. There was one grant of 45,000 shares of restricted stock during 2021 for an LGL Group employee with a grant date fair value of $11.84 per share, with 15,000 shares vested immediately and 30,000 which will vest over 1.25 years.

As of December 31, 2021, there was $435,000 of total unrecognized compensation cost, related to unvested restricted stock. That cost is expected to be recognized over a weighted average period of 1 year.

I. Employee Benefit Plan

LGL Group offers a defined contribution plan for eligible employees in which the Company makes discretionary contributions up to 50% of the first 6% of eligible compensation contributed by participants. The Company contributed approximately $112,000 and $117,000 in discretionary contributions during 2021 and 2020, which was allocated to the Company and related directly to its employees. Participants vest in employer contributions starting after their second year of service at 20% increments, vesting 100% in year six.

J. Contingencies

In the normal course of business, the Company and its subsidiaries may become defendants in certain product liability, patent infringement, worker claims and other litigation. The Company records a liability when it is probable that a loss has been incurred and the amount is reasonably estimable. The Company is not involved in any legal proceedings other than routine litigation arising in the normal course of business, none of which the Company believes will have a material adverse effect on the Company's business, financial condition or results of operations.

K. Domestic and Foreign Revenues

Significant foreign revenues from operations (10% or more of foreign sales) were as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020
	(in thousands)	
Malaysia	$ 2,745	$ 2,842
Hong Kong	682	1,211
Australia	189	974
All other foreign countries	2,126	2,255
Total foreign revenues	$ 5,742	$ 7,282
Total domestic revenues	$ 20,952	$ 22,702

The Company allocates its foreign revenue based on the customer's ship-to location.

L. Payroll Protection Program

On April 15, 2020, the Company and its PTI subsidiary entered into loans with City National Bank of Florida, a national banking association, as the lender, in an aggregate principal amount of $1,848,000 pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act. On May 14, 2020, the Company returned all amounts pursuant to such loans and such loans were thereby terminated.

M. Subsequent Events

The Company evaluated subsequent events for matters that may require disclosure in these combined financial statements through April 11, 2022. Other than as already disclosed, there have been no events that have occurred that would require disclosure in the combined financial statements.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

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

For the fiscal year ended: December 31, 2021

OR

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

For the transition period from ________________ to ____________________

Commission file number: 001-00106

The LGL Group, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**38-1799862** **(I.R.S. Employer Identification No.)**
2525 Shader Road, Orlando, Florida **(Address of Principal Executive Offices)**	**32804** **(Zip Code)**

Registrant's telephone number, including area code: (407) 298-2000

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	LGL	NYSE American
Warrants to Purchase Common Stock, $0.01 par value	LGL WS	NYSE American

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and “emerging growth company” in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant, based upon the $10.41 per share closing price of the registrant's common stock on June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, was $31,326,646. Solely for the purpose of this calculation, shares held by directors and executive officers of the registrant have been excluded. Such exclusion should not be deemed a determination or an admission by the registrant that such individuals are, in fact, affiliates of the registrant.

The number of outstanding shares of the registrant's common stock was 5,365,256 as of March 10, 2022.

DOCUMENTS INCORPORATED BY REFERENCE

None.

THE LGL GROUP, INC.

PART I

Caution Concerning Forward-Looking Statements

This annual report on Form 10-K (this "Report") and the Company's (as defined below) other communications and statements may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements about the Company's beliefs, plans, objectives, goals, expectations, estimates, projections and intentions. These statements are subject to significant risks and uncertainties and are subject to change based on various factors, many of which are beyond the Company's control. The words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "target," "goal," and similar expressions are intended to identify forward-looking statements. All forward-looking statements, by their nature, are subject to risks and uncertainties. The Company's actual future results may differ materially from those set forth in the Company's forward-looking statements. For information concerning these factors and related matters, see "Risk Factors" in Part I, Item 1A in this Report, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 in this Report. However, other factors besides those referenced could adversely affect the Company's results, and you should not consider any such list of factors to be a complete set of all potential risks or uncertainties. Any forward-looking statements made by the Company herein speak as of the date of this Report. The Company does not undertake to update any forward-looking statement, except as required by law. As a result, you should not place undue reliance on these forward-looking statements.

Item 1. Business.

General

The LGL Group, Inc. (the "Company," "LGL," "we," "us," or "our") is engaged in investment and manufacturing business activities. The Company, through its manufacturing business subsidiaries, is a globally-positioned producer of industrial and commercial products and services. We operate in two identified segments. Our electronic components segment is currently focused on the design and manufacture of highly-engineered, high reliability frequency and spectrum control products. These electronic components and modules ensure reliability and security in both commercial and military aerospace and defense communications, low noise and base accuracy for laboratory instruments, and synchronous data transfers throughout the wireless and Internet infrastructure. Our electronic instruments segment is focused on the design and manufacture of high-performance Frequency and Time reference standards that form the basis for timing and synchronization in various applications including satellite communication, time transfer systems, network synchronization, electricity distribution and metrology.

The Company was incorporated in 1928 under the laws of the State of Indiana, and in 2007, the Company was reincorporated under the laws of the State of Delaware as The LGL Group, Inc. We maintain our executive offices at 2525 Shader Road, Orlando, Florida 32804. Our telephone number is (407) 298-2000. Our Internet address is www.lglgroup.com. Our common stock and warrants are traded on the NYSE American (“NYSE”) under the symbols "LGL" and “LGL WS”, respectively.

Manufacturing Businesses and Potential Spin-Off

We operate our manufacturing businesses through our two principal subsidiaries, M-tron Industries, Inc. (together with its subsidiaries, "MtronPTI"), which has design and manufacturing facilities in Orlando, Florida; Yankton, South Dakota; and Noida, India, and Precise Time and Frequency, LLC ("PTF"), which has a design and manufacturing facility in Wakefield, Massachusetts. We also have local sales and customer support offices in Hong Kong and Austin, Texas.

In late 2021, the Company’s board of directors (the “Board”) approved progressing with the Spin-Off (as defined below) of MtronPTI. Completion of the Spin-Off is subject to a number of conditions, including stockholder approval of the transaction. If approved by the Company’s stockholders, the Spin-Off will separate the business activities and investments of the Company and create two separate, publicly-traded companies: (1) the Company, which will continue to own and operate PTF and hold substantially all the Company’s cash and marketable securities, and (2) MtronPTI, which includes the operations of Piezo Technology, Inc. and M-tron Asia, LLC (the “Spin-Off”).

The Spin-Off, if approved by the Company's stockholders, is expected to be effected through a pro rata issuance of shares of MtronPTI's common stock to the Company's stockholders structured as a tax-free distribution. Stockholders of the Company will receive one share of MtronPTI's common stock for each share of the Company's common stock held of record as of the close of business on the record date for the distribution. As a result, the Company's stockholders as of the record date for the Spin-Off will also become the stockholders of MtronPTI after the Spin-Off. The Company will cease to have any ownership interest in MtronPTI following the Spin-Off, but the Company's stockholders will, unless they sell their shares, be the stockholders of both the Company and MtronPTI.

Management believes that, if completed, the Spin-Off would enable shareholders to more clearly evaluate the performance and future potential of each entity on a standalone basis, while allowing each entity to pursue its own distinct business strategy and capital allocation policy. There can be no assurance that the Spin-Off will be completed.

Investment in Sponsor of a SPAC which Completed its 2021 Merger with IRNT

LGL Systems Acquisition Holding Company, LLC, a partially owned subsidiary of the LGL Group, served as the sponsor (the "Sponsor") of LGL Systems Acquisition Corp., a special purpose acquisition company, commonly referred to as a "SPAC" or blank check company, formed for the purpose of effecting a business combination in the aerospace, defense and communications industries (the "SPAC"). The Company invested $6.1 million for its partial ownership in the Sponsor. The SPAC completed a merger with its target company, IronNet Cybersecurity, Inc., on August 26, 2021 and changed its name to IronNet, Inc. ("IronNet" or "IRNT") (the "IronNet Business Combination"). On September 14, 2021, as a result of its investment in the Sponsor, the Company received 1,572,529 shares of IRNT common stock and 2,065,000 private warrants exchangeable into shares of IRNT common stock. IRNT is a publicly-traded company on the NYSE under the ticker symbol "IRNT." As of December 31, 2021, the Company sold 1,455,315 shares of its IRNT common stock partially monetizing its $6.1 million Sponsor investment. Proceeds of $18.5 million from the sale of these shares and the closing of certain IRNT-related derivative transactions were received. At December 31, 2021, 1,338,620 shares of IRNT common stock remained in our portfolio.

Business Strategy

Our objective is to delivery long-term investment growth to our shareholders maximizing shareholder value. This includes developing businesses and positioning them as independent entities to enhance shareholder value and alignment.

Our manufacturing businesses, MtronPTI and PTF, employ a market-based approach of designing and offering new products to our customers through both organic research and development, and through strategic partnerships, joint ventures, acquisitions or mergers. We seek to leverage our core strength as an engineering leader to expand client access, add new capabilities and continue to diversify our product offerings. Our focus is on investments that will differentiate us, broaden our portfolio and lead toward higher levels of integration organically and through joint venture, merger and acquisition opportunities. We believe that successful execution of this strategy will lead to a transformation of our product portfolio towards multi-component integrated offerings, longer product life cycles, better margins and improved competitive position.

LGL Group continues to strive for profitable growth internally and through acquisition. LGL, on a proforma standalone basis after the Spin-Off, would continue to own and develop its frequency reference and time standard synchronization solutions business through its PTF subsidiary platform, and is expected to retain substantially all the Company's cash and marketable securities of approximately $46 million at December 31, 2021.

Business Segments

The Company conducts its business through two business segments: Electronic Components, which includes all products manufactured and sold by MtronPTI, and Electronic Instruments, which includes all products manufactured and sold by PTF.

Electronic Components Segment

Overview of MtronPTI

Originally founded in 1965, MtronPTI designs, manufactures and markets highly-engineered, high reliability frequency and spectrum control products.

These component-level devices and modules are used extensively in electronic systems for applications in commercial and military defense, aerospace, earth-orbiting satellites, down-hole drilling, medical devices, instrumentation, industrial devices and global positioning systems as well as in infrastructure equipment for the telecommunications and network equipment industries. As an engineering-centric company, MtronPTI provides close support to the customer throughout its products' entire life cycle, including product design, prototyping, production and subsequent product upgrades and maintenance. This collaborative approach has resulted in the development and growth of long-standing business relationships with its blue-chip customer base.

All of MtronPTI’s production facilities are ISO 9001:2015 certified, ITAR registered and Restriction of Hazardous Substances (“RoHS”) compliant. In addition, its U.S. production facilities in Orlando and Yankton are AS9100 Rev D and MIL-STD-790 certified.

MtronPTI Products

MtronPTI's portfolio is divided into two product groupings, Frequency Control and Spectrum Control, and has expanded from primarily crystal-based components to include higher levels of integration, advanced materials science, cavity-based products, and various types of compensation methods employing integrated circuits and other methods to create products geared for applications that require high reliability in harsh environments. These products are differentiated by their precise level of accuracy, stability over time and within harsh environments, and very low phase noise.

MtronPTI's Frequency Control product group includes a broad portfolio of quartz crystal resonators, clock oscillators, VCXO, TCXO OCXO and DOCXO devices which meet some of the tightest specifications, including IEEE 1588 standards. These devices may be based on quartz, quartz MEMS or advanced materials science designed to achieve higher performance levels than quartz. MtronPTI's products offer high reliability over a wide temperature range and are well-suited for harsh environments, including shock and vibration-resistant oscillators with low-g sensitivity. These products are designed for applications within aerospace and defense, telecommunications infrastructure and instrumentation markets.

MtronPTI's Spectrum Control product group includes a wide array of radio frequency (“RF”), microwave and millimeter wave filters and diplexers covering a frequency range from 1 MHz to 90 GHz, and solid-state power amplifiers covering a frequency range from 300 MHz to 26 GHz, with power output from 10 Watts to 10 kWatts. Filter devices include crystal, ceramic, LC, tubular, combline, cavity, interdigital and metal insert waveguide, as well as digital, analog and mechanical tunable filters, switched filter arrays and RF subsystems. Power amplifiers add active devices to MtronPTI's portfolio and include GaN, GaAS FET, LDMOS and chip and wire technologies in narrow or broadband, module or rack-mounted packages. These products are employed in applications within the commercial and military aerospace, defense, space and other commercial markets.

New product development continues to be a key focus for MtronPTI as it continues to push its roadmap to meet the needs of its served markets. Within Frequency Control, design efforts are focused on smaller packages, lower power, lower phase noise and use of new materials to provide compensation and harsh environment performance that surpasses customer requirements. Spectrum Control seeks to develop higher power handling, higher levels of integration and a range of integrated products within the RF subsystem.

Electronic Instruments Segment

Overview of PTF

PTF designs, manufactures and markets for sale time and frequency products. The industries PTF serves include computer networking, satellite ground stations, electric utilities, broadcasting and telecommunication systems. PTF was originally founded in 2002 and its assets were acquired by LGL in September 2016 through a business acquisition, making us a broader-based supplier of highly engineered products for the generation of time and frequency references for synchronization and control. Since its inception, PTF has developed a comprehensive portfolio of time and frequency instruments complemented by a wide range of ancillary products such as distribution amplifiers and redundancy auto switches.

PTF Products

PTF's products range from simple, low-cost time and frequency solutions to premium products designed to deliver maximum performance for the most demanding applications. PTF's products include Frequency and Time Reference Standards, RF, digital, and optical time code distribution amplifiers, redundancy auto switches and NTP servers, all of which are used in a broad range of applications worldwide.

PTF's Frequency and Time Reference Standards include quartz Frequency Standards, GPS/GNS Frequency and Time Standards and rubidium atomic Frequency Standards. The de facto standard for many highly demanding applications, such as satellite communications, is PTF's range of GPS/GNS disciplined quartz frequency and time standards. The MtronPTI high-quality quartz oscillators utilized deliver outstanding phase noise and short-term stability performance for applications where low noise is paramount. This outstanding short-term performance, coupled with the long-term stability and accuracy of the external GNS reference signals, which can be from GPS, Galileo, Glonass or QZSS, provides the user excellent all-around performance that is highly cost-effective.

When two or more computers are involved, accurate time keeping is a challenge especially when the computers are in different locations. PTF's range of GNS Time and Frequency References and Network Time Servers deliver a high level of performance that allows customers to synchronize to Universal Time Coordinated, in a number of cost-effective forms to meet a multitude of time and frequency reference requirements. Applications range from low phase noise, highly stable and accurate system frequency references for Sat-Com and Digital Broadcasting applications, to computer networks, shipboard time code references and e-commerce time stamping applications. With respect to Universal Coordinated Time ("UTC"), the Company has recently developed long-term time synchronization capability of less than 10 nanoseconds.

PTF's portfolio of distribution amplifiers covers multiple signal types including RF, digital, time code, configurable and optical. The distribution range is designed to complement the high quality of the frequency and time references and provide the most effective cost/performance solution for the application, including options for full remote monitoring/control (including RF analog signal monitoring) and optional level control.

The distribution product range includes standard fixed configuration units with either 12 or 16 channels together with more flexible units that allow the user to define specific configurations including different types of input/output signals combined into a convenient 1U or 2U package with up to 36 output channels.

PTF's series of redundancy auto switches range from simple level detection to highly sophisticated sensing capability, extremely fast switching options and full Ethernet connectivity, to provide remote monitoring control, and including integration with SNMP management systems. The most recent model includes multi-channel input capability as well as the ability to switch up to three input types of signals.

Customers

We primarily work directly with original equipment manufacturers ("OEMs") to define the right solutions for their unique applications, including the design of custom parts with unique part numbers. Actual sales of production parts may be directly to the OEM or through either its designated contract manufacturers or franchised distributors of our products. As a result, we have highly-skilled sales engineers who work directly with the designers and program managers at their OEMs providing a high-level of engineering support at all points within the process.

In 2021, our largest customer, a commercial aerospace and defense company, accounted for $7,870,000, or 28.0%, of the Company's total revenues, compared to $7,810,000, or 25.1%, of the Company's total revenues in 2020. The Company's second largest customer in 2021, a defense contractor, accounted for $3,138,000, or 11.2%, of the Company's total revenues, compared to $5,550,000, or 17.8%, of the Company's total revenues, in 2020. The loss of either of these customers, or a decrease in their demand for our products, could have a material adverse effect on our results.

As of December 31, 2021, four of our largest customers accounted for approximately $2,595,000, or 53.2%, of accounts receivable. As of December 31, 2020, four of our largest customers accounted for approximately $2,301,000, or 53.4%, of accounts receivable. The insolvency of any of these customers could have a material adverse impact on our liquidity.

Competition

We design, manufacture and market products for the generation, synchronization and control of time and frequency as well as spectrum control products. There are numerous domestic and international manufacturers who are capable of providing custom-designed products comparable in quality and performance to our products. Our competitive strategy begins with our focus on niche markets where precise specification and reliability are the major requirements. Competitors in our electronic components segment include, but are not limited to, Vectron International and Microsemi Corporation (both divisions of Microchip Technology Incorporated), K&L Microwave (a division of Dover Corporation) and Rakon Limited. Competitors in our electronic instruments segment include, but are not limited to, Microsemi Corporation, Spectracom Corporation and Brandywine Communications.

Research and Development

Utilizing our understanding of market requirements, we employ a disciplined approach to capital allocation when selecting new product development projects. A cross-functional team comprised of engineering, marketing, operations, sales and finance reviews the merits of specific projects seeking to invest in products that will exceed a specific return on investment level and a payback expectation within one to two years. In addition, the team considers the inherent value of intellectual property that each project presents with consideration for technical roadmap objectives.

Research and development expense was approximately $2,212,000 and $2,142,000 in 2021 and 2020, respectively, and will remain a significant part of the Company's efforts to revitalize our intellectual property position.

Marketing and Sales

We have a highly skilled team of sales engineers who work in tandem with a worldwide network of more than 30 independent external manufacturer representatives and franchised electronics distributors to market and sell our products. An important part of the sales process is gaining qualification of specific products from the OEM, confirming suitability for use in a specific system design, which is commonly referred to as a "design-win." Through direct contact with our clients and through our representative network, we are able to understand the needs of the marketplace and then guide our product development process to allocate resources to meeting those requirements.

Domestic Revenues

Our domestic revenues were $22,096,000 in 2021, or 78.5% of total consolidated revenues, compared to $23,752,000, or 76.2% of total consolidated revenues, in 2020.

International Revenues

Our international revenues were $6,044,000 in 2021, or 21.5% of total consolidated revenues, compared to $7,410,000, or 23.8% of total consolidated revenues, in 2020. In each of 2021 and 2020, these revenues were derived mainly from customers in Asia, with significant sales in Malaysia. We avoid significant currency exchange risk by transacting and settling substantially all of our international sales in United States dollars.

Seasonality

Our business is not seasonal, although shipment schedules may be affected by the production schedules of our customers, or their contract manufacturers based on regional practices or customs.

Order Backlog

Our order backlog was $29,797,000 and $19,801,000 as of December 31, 2021 and 2020, respectively. The backlog of unfilled orders includes amounts based on signed contracts as well as agreed letters of intent, which we have determined are firm orders and likely to proceed. Although backlog represents only firm orders that are considered likely to be fulfilled primarily within the 12 months following receipt of the order, cancellations or scope adjustments may and do occur.

Order backlog is adjusted quarterly to reflect project cancellations, deferrals, revised project scope and cost. We expect to fill substantially all of our 2021 order backlog in 2022, but cannot provide assurances as to what portion of the order backlog will be fulfilled in a given year.

Raw Materials

Generally, most raw materials used in the production of our products are available in adequate supply from a number of sources and the prices of these raw materials are relatively stable. However, some raw materials, including printed circuit boards, quartz and certain metals including steel, aluminum, silver, gold, tantalum and palladium, are subject to greater supply fluctuations and price volatility, as experienced in recent years. In general, we have been able to include some cost increases in our pricing, but in some cases our margins were adversely impacted.

Changes in global economic and geopolitical conditions and the outbreak of the novel coronavirus ("COVID-19") pandemic has caused disrupted supply chains and the ability to obtain components and raw materials around the world for most companies, including us. On occasion, one or more of the components used in our products have become unavailable resulting in unanticipated redesign and/or delays in shipments. Continued identification of alternative supply sources or other mitigations are important in minimizing disruption to our supply chain.

Intellectual Property

We have no patents, trademarks or licenses that are considered to be significant to our business or operations. Rather, we believe that our technological position depends primarily on the technical competence and creative ability of our engineering and technical staff in areas of product design and manufacturing processes, including our staff's ability to customize products to meet difficult specifications, as well as proprietary know-how and information.

Government Regulations

As a supplier to certain U.S. Government defense contractors, we must comply with significant procurement regulations and other requirements. Maintaining registration under the International Traffic in Arms Regulations for all of our related production facilities is also required. One of those production facilities must comply with additional requirements for its production processes and for selected personnel in order to maintain the security of classified information. These requirements, although customary within these markets, increase our performance and compliance costs.

We are routinely audited and reviewed by the U.S. Government and its agencies such as the Defense Contract Audit Agency and Defense Contract Management Agency. These agencies review our performance under our contracts, our cost structure and our compliance with applicable laws, regulations and standards, as well as the adequacy of our internal control systems and policies. Any cost found to be improperly allocated to a specific contract will not be reimbursed. If an audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions.

From time to time, we may also be subject to U.S. Government investigations relating to our or our customers' operations and products, and are expected to perform in compliance with a vast array of federal laws, including the Truth in Negotiations Act, the False Claims Act, the International Traffic in Arms Regulations promulgated under the Arms Export Control Act, and the Foreign Corrupt Practices Act. We or our customers may be subject to reductions of the value of contracts, contract modifications or termination, and the assessment of penalties and fines, which could negatively impact our results of operations and financial condition, or result in a diminution in revenue from our customers, if we or our customers are found to have violated the law or are indicted or convicted for violations of federal laws related to government security regulations, employment practices or protection of the environment, or are found not to have acted responsibly as defined by the law. Such convictions could also result in suspension or debarment from serving as a supplier to government contractors for some period of time. Such convictions or actions could have a material adverse effect on us and our operating results. The costs of cooperating or complying with such audits or investigations may also adversely impact our financial results.

Our manufacturing operations, products, and/or product packaging are subject to environmental laws and regulations governing air emissions, wastewater discharges, and the handling, disposal and remediation of hazardous substances, wastes and other chemicals. In addition, more stringent environmental regulations may be enacted in the future, both within the United States and internationally, and we cannot presently determine the modifications, if any, in our operations that any future regulations might require, or the cost of compliance that would be associated with such regulations. To date, capital expenditures, earnings and competitive position of the Company have not been materially affected by compliance with current federal, state, and local laws and regulations (domestic and foreign) relating to the protection of the environment. However, we cannot predict the effect of future laws and regulations.

Employees

As of December 31, 2021, we employed 306 people, including 161 full-time and 14 part-time employees, along with 131 contractors. Of this total, the Company has 151 full-time, 13 part-time, and 13 contract employees within the U.S., with 143 located in Orlando, Florida, 27 in Yankton, South Dakota, and seven within its subsidiary, PTF, in Wakefield, Massachusetts. The Company has two full-time employees and one part-time employee in Hong Kong, and eight full-time employees and 118 contractors in Noida, India. None of the Company's employees are represented by a labor union and the Company considers its relationships with employees to be good.

As an engineered products and solutions company, a significant number of our workforce consists of degreed engineers providing expertise in product design and process development.

Item 1A. Risk Factors.

Investing in our securities involves risks. Before making an investment decision, you should carefully consider the risks described below. Any of these risks could result in a material adverse effect on our business, financial condition, results of operations, or prospects, and could cause the trading price of our securities to decline, resulting in a loss of all or part of your investment. The risks and uncertainties described below are not the only ones we face, but represent those risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also harm our business.

Risks Related to Our Business and Industry

Macroeconomic fluctuations may harm our business, results of operations and stock price.

Our business, financial condition, operating results and cash flows may be adversely affected by changes in global economic conditions and geopolitical risks, including credit market conditions, trade policies, levels of consumer and business confidence, commodity prices and availability, inflationary pressure, exchange rates, levels of government spending and deficits, political conditions, and other challenges that could affect the global economy including impacts associated with any economic sanctions imposed against Russia in response to its recent invasion of Ukraine. These economic and geopolitical conditions could affect businesses such as ours in a number of ways. Such conditions could have an adverse impact on our flexibility to react to changing economic and business conditions and on our ability to fund our operations. In addition, restrictions on credit availability could adversely affect the ability of our customers to make payments. Similarly, credit restrictions may adversely affect our supplier base and increase the potential for one or more of our suppliers to experience financial distress.

The effects of the COVID-19 pandemic on our business are uncertain and may adversely affect our results of operations and cash flows.

The COVID-19 pandemic has had and may continue to have an adverse impact on our operations and financial performance, as well as on the operations and financial performance of many of the customers and suppliers in industries that we serve. The COVID-19 pandemic continues to present business challenges, and we continue to experience impacts related to COVID-19, primarily in higher raw material prices, disruptions in global supply chains, delays in supplier deliveries, delays in deliveries to customers, travel restrictions, quarantine restrictions, labor shortages and employee absences. Because the severity, magnitude and duration of the COVID-19 pandemic and its economic consequences remain uncertain and rapidly changing, it is difficult to predict the extent of the pandemic's impact on our operations and financial performance. Further, the ultimate impact of the COVID-19 pandemic on our operations and financial performance depends on many factors that are not within our control, including, but not limited to, duration of the pandemic, potential subsequent waves of COVID-19 infection or potential new variants, the effectiveness and adoption of COVID-19 vaccines and therapeutics, governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic (including shutdown orders, border closings, restrictions on travel and transport and workplace restrictions) and resulting supplier impacts. In addition, to the extent global vaccination programs do not achieve intended results and a longer period of economic and global supply chain and related disruption continues, the more adverse the impact will be on our business operations, financial performance and results of operations.

We are dependent on a single line of business.

Prior to our September 2016 acquisition of PTF, we were engaged only in the design, manufacture and marketing of standard and custom-engineered electronic components that are used primarily for the control of frequency and spectrum of signals in electronic circuits. Although our acquisition of PTF added an additional product line of electronic instruments that includes highly engineered products for the generation of time and frequency references for synchronization and control, until we see significant growth from the PTF electronic instruments product line or develop or acquire additional product lines, we will remain dependent on our electronic components line of business. Virtually all of our 2021 and 2020 revenues came from sales of electronic components, which consist of packaged quartz crystals, oscillator modules, electronic filters and integrated modules.

Given our reliance on this single line of business, any decline in demand for this product line or failure to achieve continued market acceptance of existing and new versions of this product line may harm our business and our financial condition. Additionally, unfavorable market conditions affecting this line of business would likely have a disproportionate impact on us in comparison with certain competitors, who have more diversified operations and multiple lines of business. Should this line of business fail to generate sufficient sales to support ongoing operations, there can be no assurance that we will be able to develop alternate business lines.

Our operating results vary significantly from period to period.

We experience fluctuations in our operating results. Some of the principal factors that contribute to these fluctuations include changes in demand for our products; our effectiveness in managing manufacturing processes, costs and inventory; our effectiveness in engineering and qualifying new product designs with our OEM customers and in managing the risks associated with offering those new products into production; changes in the cost and availability of raw materials, which often occur in the electronics manufacturing industry and which affect our margins and our ability to meet delivery schedules; macroeconomic and served industry conditions; and events that may affect our production capabilities, such as labor conditions and political instability. In addition, due to the prevailing economic climate and competitive differences between the various market segments which we serve, the mix of sales between our communications, networking, aerospace, defense, industrial and instrumentation market segments may affect our operating results from period to period.

For the years ended December 31, 2021 and 2020, we had net income of approximately $14,638,000 and $968,000, respectively. The increase was from the gain from our Sponsor investment as a result of the IronNet Business Combination, partially offset by realized and unrealized accounting losses in IRNT securities through December 31, 2021. Our revenues are derived primarily from MtronPTI, whose future rate of growth and profitability are highly dependent on the development and growth of demand for our products in the communications, networking, aerospace, defense, instrumentation and industrial markets, which are cyclical. We cannot be certain whether we will generate sufficient revenues or sufficiently manage expenses to sustain profitability.

We have a large customer that accounts for a significant portion of our revenues, and the loss of this customer, or decrease in its demand for our products, could have a material adverse effect on our results.

In 2021, our largest customer, a commercial aerospace and defense company, accounted for $7,870,000, or 28.0%, of the Company's total revenues, compared to $7,810,000, or 25.1%, of the Company’s total revenues in 2020. The Company’s second largest customer in 2021, a defense contractor, accounted for $3,138,000, or 11.2%, of the Company's total revenues, compared to $5,550,000, or 17.8%, of the Company’s total revenues in 2020. The loss of either of these customers, or a decrease in their demand for our products, could have a material adverse effect on our results.

A relatively small number of customers account for a significant portion of our accounts receivable, and the insolvency of any of these customers could have a material adverse impact on our liquidity.

As of December 31, 2021, four of our largest customers accounted for approximately $2,595,000, or 53.2%, of accounts receivable. As of December 31, 2020, four of our largest customers accounted for approximately $2,301,000, or 53.4%, of accounts receivable. The insolvency of any of these customers could have a material adverse impact on our liquidity.

Our order backlog may not be indicative of future revenues.

Our order backlog is comprised of orders that are subject to specific production release, orders under written contracts, oral and written orders from customers with which we have had long-standing relationships and written purchase orders from sales representatives. Our customers may order products from multiple sources to ensure timely delivery when backlog is particularly long and may cancel or defer orders without significant penalty. They also may cancel orders when business is weak, and inventories are excessive. As a result, we cannot provide assurances as to the portion of backlog orders to be filled in a given year, and our order backlog as of any particular date may not be representative of actual revenues for any subsequent period.

We are a holding company and, therefore, are dependent upon the operations of our subsidiaries to meet our obligations.

We are a holding company that transacts business through our operating subsidiaries. Our primary assets are cash and cash equivalents, marketable securities, the shares of our operating subsidiaries and intercompany loans. Should our cash and cash equivalents be depleted, our ability to meet our operating requirements and to make other payments will depend on the surplus and earnings of our subsidiaries and their ability to pay dividends or to advance or repay funds.

Our future rate of growth and profitability are highly dependent on the development and growth of the communications, networking, aerospace, defense, instrumentation and industrial markets, which are cyclical.

In 2021 and 2020, the majority of our revenues were derived from sales to manufacturers of equipment for the defense, aerospace, instrumentation and industrial markets for frequency and spectrum control devices, including indirect sales through distributors and contract manufacturers. During 2022, we expect a significant portion of our revenues to continue to be derived from sales to these manufacturers. Often OEMs and other service providers within these markets have experienced periods of capacity shortage and periods of excess capacity, as well as periods of either high or low demand for their products. In periods of excess capacity or low demand, purchases of capital equipment may be curtailed, including equipment that incorporates our products. A reduction in demand for the manufacture and purchase of equipment for these markets, whether due to cyclical, macroeconomic or other factors, or due to our reduced ability to compete based on cost or technical factors, could substantially reduce our net sales and operating results and adversely affect our financial condition. Moreover, if these markets fail to grow as expected, we may be unable to maintain or grow our revenues. The multiple variables which affect the communications, networking, aerospace, defense, instrumentation and industrial markets for our products, as well as the number of parties involved in the supply chain and manufacturing process, can impact inventory levels and lead to supply chain inefficiencies. As a result of these complexities, we have limited visibility to forecast revenue projections accurately for the near and medium-term timeframes.

The market share of our customers in the communications, networking, aerospace, defense, instrumentation and industrial markets may change over time, reducing the potential value of our relationships with our existing customer base.

We have developed long-term relationships with our existing customers, including pricing contracts, custom designs and approved vendor status. If these customers lose market share to other equipment manufacturers in the communications, networking, aerospace, defense, instrumentation and industrial markets with whom we do not have similar relationships, our ability to maintain revenue, margin or operating performance may be adversely affected.

We may make acquisitions that are not successful, or we may fail to integrate acquired businesses into our operations properly.

We intend to continue exploring opportunities to buy other businesses or technologies that could complement, enhance, or expand our current business or product lines, or that might otherwise offer us growth opportunities. We may have difficulty finding such opportunities or, if such opportunities are identified, we may not be able to complete such transactions for reasons including a failure to secure necessary financing.

Any transactions that we are able to identify and complete may involve a number of risks, including:

– The diversion of our management's attention from the management of our existing business to the integration of the operations and personnel of the acquired or combined business or joint venture;
– Material business risks not identified in due diligence;
– Possible adverse effects on our operating results during the integration process;
– Substantial acquisition-related expenses, which would reduce our net income, if any, in future years;

– The loss of key employees and customers as a result of changes in management; and
– Our possible inability to achieve the intended objectives of the transaction.

In addition, we may not be able to integrate, operate, maintain or manage, successfully or profitably, our newly acquired operations or employees. We may not be able to maintain uniform standards, controls, policies and procedures, and this may lead to operational inefficiencies.

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

If we are unable to introduce innovative products, demand for our products may decrease.

Our future operating results are dependent on our ability to develop, introduce and market innovative products continually, to modify existing products, to respond to technological change and to customize some of our products to meet customer requirements. There are numerous risks inherent in this process, including the risks that we will be unable to anticipate the direction of technological change or that we will be unable to develop and market new products and applications in a timely or cost-effective manner to satisfy customer demand.

Our markets are highly competitive, and we may lose business to larger and better-financed competitors.

Our markets are highly competitive worldwide, with low transportation costs and few import barriers. We compete principally on the basis of product quality and reliability, availability, customer service, technological innovation, timely delivery and price. Within the industries in which we compete, competition has become increasingly concentrated and global in recent years.

Many of our major competitors, some of which are larger than us, and potential competitors have substantially greater financial resources and more extensive engineering, manufacturing, marketing and customer support capabilities. If we are unable to successfully compete against current and future competitors, our operating results will be adversely affected.

Our success depends on our ability to retain key management and technical personnel and attracting, retaining, and training new technical personnel.

Our future growth and success will depend in large part upon our ability to recruit highly-skilled technical personnel, including engineers, and to retain our existing management and technical personnel. There is a labor shortage in the markets in which we operate which are highly competitive, and some of our operations are not located in highly populated areas. As a result, we may not be able to recruit and retain key personnel. Our failure to hire, retain or adequately train key personnel could have a negative impact on our performance.

We purchase certain key components and raw materials from single or limited sources and could lose sales if these sources fail to fulfill our needs for any reason, including the inability to obtain these key components or raw materials due to the COVID-19 outbreak.

If single-source components or key raw materials were to become unavailable on satisfactory terms, and we could not obtain comparable replacement components or raw materials from other sources in a timely manner, our business, results of operations and financial condition could be harmed. On occasion, one or more of the components used in our products have become unavailable, resulting in unanticipated redesign and related delays in shipments. Changes in global economic and geopolitical conditions and the outbreak of COVID-19 have disrupted supply chains and the ability to obtain components and raw materials around the world for all companies, including us. We cannot give assurance that we will be able to obtain the necessary components and raw materials necessary to conduct our business during the COVID-19 pandemic, and we also cannot give assurance that similar delays will not occur in the future. In addition, our suppliers may be impacted by compliance with environmental regulations including RoHS and Waste Electrical and Electronic Equipment ("WEEE"), which could disrupt the supply of components or raw materials or cause additional costs for us to implement new components or raw materials into our manufacturing processes.

As a supplier to U.S. Government defense contractors, we are subject to a number of procurement regulations and other requirements and could be adversely affected by changes in regulations or any negative findings from a U.S. Government audit or investigation.

A number of our customers are U.S. Government contractors. As one of their suppliers, we must comply with significant procurement regulations and other requirements. Under applicable federal regulations for defense contractors, we are required to comply with the Cybersecurity Maturity Model Certification ("CMMC") program in the next several years and other similar cybersecurity requirements. We also maintain registration under the International Traffic in Arms Regulations for all of our production facilities. One of those production facilities must comply with additional requirements and regulations for its production processes and for selected personnel in order to maintain the security of classified information. These requirements, although customary within these markets, increase our performance and compliance costs. If any of these various requirements change, our costs of complying with them could increase and reduce our operating margins. To the extent that we are unable to comply with the CMMC or other requirements, our business with the Department of Defense or its prime customers could be at risk.

We operate in a highly regulated environment and are routinely audited and reviewed by the U.S. Government and its agencies such as the Defense Contract Audit Agency and Defense Contract Management Agency. These agencies review our performance under our contracts, our cost structure and our compliance with applicable laws, regulations, and standards, as well as the adequacy of, and our compliance with, our internal control systems and policies. Systems that are subject to review include our purchasing systems, billing systems, property management and control systems, cost estimating systems, compensation systems and management information systems.

Any costs found to be improperly allocated to a specific contract will not be reimbursed or must be refunded if already reimbursed. If an audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or prohibition from doing business as a supplier to contractors who sell products and services to the U.S. Government. In addition, our reputation could be adversely affected if allegations of impropriety were made against us.

From time to time, we may also be subject to U.S. Government investigations relating to our or our customers' operations and products, and are expected to perform in compliance with a vast array of federal laws, including the Truth in Negotiations Act, the False Claims Act, the International Traffic in Arms Regulations promulgated under the Arms Export Control Act, and the Foreign Corrupt Practices Act. We or our customers may be subject to reductions of the value of contracts, contract modifications or termination, and the assessment of penalties and fines, which could negatively impact our results of operations and financial condition, or result in a diminution in revenue from our customers, if we or our customers are found to have violated the law or are indicted or convicted for violations of federal laws related to government security regulations, employment practices or protection of the environment, or are found not to have acted responsibly as defined by the law. Such convictions could also result in suspension or debarment from serving as a supplier to government contractors for some period of time. Such convictions or actions could have a material adverse effect on us and our operating results. The costs of cooperating or complying with such audits or investigations may also adversely impact our financial results.

Our products are complex and may contain errors or design flaws, which could be costly to correct.

When we release new products, or new versions of existing products, they may contain undetected or unresolved errors or defects. The vast majority of our products are custom designed for requirements of specific OEM systems. The expected business life of these products ranges from less than one year to more than 10 years depending on the application. Some of the customizations are modest changes to existing product designs while others are major product redesigns or new product platforms.

Despite testing, errors or defects may be found in new products or upgrades after the commencement of commercial shipments. Undetected errors and design flaws have occurred in the past and could occur in the future. These errors could result in delays, loss of market acceptance and sales, diversion of development resources, damage to the Company's reputation, product liability claims and legal action by its customers and third parties, failure to attract new customers and increased service costs.

Communications and network infrastructure equipment manufacturers increasingly rely upon contract manufacturers, thereby diminishing our ability to sell our products directly to those equipment manufacturers.

There is a continuing trend among communications and network infrastructure equipment manufacturers to outsource the manufacturing of their equipment or components. As a result, our ability to persuade these OEMs to utilize our products in customer designs could be reduced and, in the absence of a manufacturer's specification of our products, the prices that we can charge for them may be subject to greater competition.

Future changes in our environmental liability and compliance obligations may increase costs and decrease profitability.

Our present and past manufacturing operations, products, and/or product packaging are subject to environmental laws and regulations governing air emissions, wastewater discharges, and the handling, disposal and remediation of hazardous substances, wastes and other chemicals. In addition, more stringent environmental regulations may be enacted in the future, and we cannot presently determine the modifications, if any, in our operations that any future regulations might require, or the cost of compliance that would be associated with such regulations.

Environmental laws and regulations may cause us to change our manufacturing processes, redesign some of our products, and change components to eliminate some substances in our products in order to be able to continue to offer them for sale.

We have significant international operations and sales to customers outside of the United States that subject us to certain business, economic and political risks.

We have office and manufacturing space in Noida, India, and a sales office in Hong Kong. Additionally, foreign revenues for 2021 and 2020 (primarily to Malaysia) accounted for 21.5% and 23.8% of our 2021 and 2020 consolidated revenues, respectively. We anticipate that sales to customers located outside of the United States will continue to be a significant part of our revenues for the foreseeable future. Our international operations and sales to customers outside of the United States subject our operating results and financial condition to certain business, economic, political, health, regulatory and other risks, including but not limited to:

- Political and economic instability in countries in which our products are manufactured and sold;
- Expropriation or the imposition of government controls;
- Responsibility to comply with anti-bribery laws such as the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions;
- Sanctions or restrictions on trade imposed by the United States Government;
- Export license requirements;
- Trade restrictions;
- Currency controls or fluctuations in exchange rates;
- High levels of inflation or deflation;
- Difficulty in staffing and managing non-U.S. operations;
- Greater difficulty in collecting accounts receivable and longer payment cycles;
- Changes in labor conditions and difficulties in staffing and managing international operations;
- The impact of the COVID-19 outbreak; and
- Limitations on insurance coverage against geopolitical risks, natural disasters and business operations.

Additionally, to date, very few of our international revenue and cost obligations have been denominated in foreign currencies. As a result, changes in the value of the United States dollar relative to foreign currencies may affect our competitiveness in foreign markets. We do not currently engage in foreign currency hedging activities, but may do so in the future to the extent that we incur a significant amount of foreign-currency denominated liabilities.

We rely on information technology systems to conduct our business, and disruption, failure or security breaches of these systems could adversely affect our business and results of operations.

We rely on information technology ("IT") systems in order to achieve our business objectives. We also rely upon industry accepted security measures and technology to securely maintain confidential information maintained on our IT systems. However, our portfolio of hardware and software products, solutions and services and our enterprise IT systems may be vulnerable to damage or disruption caused by circumstances beyond our control such as catastrophic events, power outages, natural disasters, computer system or network failures, computer viruses, cyber-attacks or other malicious software programs. The failure or disruption of our IT systems to perform as anticipated for any reason could disrupt our business and result in decreased performance, significant remediation costs, transaction errors, loss of data, processing inefficiencies, downtime, litigation and the loss of suppliers or customers. A significant disruption or failure could have a material adverse effect on our business operations, financial performance and financial condition.

Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and/or damage to our business relationships, all of which could negatively impact our financial results.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to our investor relationships. As our reliance on technology increases, so will the risks posed to our information systems, both internal and those we outsource. There is no guarantee that any processes, procedures and internal controls we have implemented or will implement will prevent cyber intrusions, which could have a negative impact on our financial results, operations, business relationships or confidential information.

If we fail to correct any material weakness that we identify in our internal control over financial reporting or otherwise fail to maintain effective internal control over financial reporting, we may not be able to report our financial results accurately and timely, in which case our business may be harmed, investors may lose confidence in the accuracy and completeness of our financial reports and the price of our common stock may decline.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for evaluating and reporting on our system of internal control. Our internal control over financial reporting is a process designed 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 ("GAAP"). We are required to comply with the Sarbanes-Oxley Act and other rules that govern public companies.

If we identify material weaknesses in our internal control over financial reporting in the future, if we cannot comply with the requirements of the Sarbanes-Oxley Act in a timely manner or attest that our internal control over financial reporting is effective, or if our independent registered public accounting firm cannot express an opinion as to the effectiveness of our internal control over financial reporting when required, we may not be able to report our financial results accurately and timely. As a result, investors, counterparties and consumers may lose confidence in the accuracy and completeness of our financial reports. Accordingly, access to capital markets and perceptions of our creditworthiness could be adversely affected, and the market price of our common stock could decline. In addition, we could become subject to investigations by the stock exchange on which our securities are listed, the Securities and Exchange Commission (the "SEC") or other regulatory authorities, which could require additional financial and management resources. These events could have a material and adverse effect on our business, operating results, financial condition and prospects.

Risks Related to Our Securities

The price of our common stock has fluctuated considerably and is likely to remain volatile, in part due to the limited market for our common stock.

From January 1, 2021 through December 31, 2021, the high and low closing sales prices for our common stock were $14.50 and $9.90, respectively. There is a limited public market for our common stock, and we cannot provide assurances that a more active trading market will develop or be sustained. As a result of limited trading volume in our common stock, the purchase or sale of a relatively small number of shares could result in significant price fluctuations and it may be difficult for holders to sell their shares without depressing the market price for our common stock.

Additionally, the market price of our common stock may continue to fluctuate significantly in response to a number of factors, some of which are beyond our control, including the following:

– General economic conditions affecting the availability of long-term or short-term credit facilities, the purchasing and payment patterns of our customers, or the requirements imposed by our suppliers;
– Economic conditions in our industry and in the industries of our customers and suppliers (including the impact of COVID-19);
– Changes in financial estimates or investment recommendations by securities analysts relating to our common stock;
– Market reaction to our reported financial results;

– Loss of a major customer;
– Announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments; and
– Changes in key personnel.

Our officers, directors and 10% or greater stockholders have significant voting power and may vote their shares in a manner that is not in the best interest of other stockholders.

Our officers, directors and 10% or greater stockholders control approximately 38.7% of the voting power represented by our outstanding shares of common stock as of March 10, 2022. If these stockholders act together, they may be able to exert significant control over our management and affairs requiring stockholder approval, including approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control and might adversely affect the market price of our common stock. This concentration of ownership may not be in the best interests of all of our stockholders.

Provisions in our corporate charter documents and under Delaware law could make an acquisition of the Company more difficult, which acquisition may be beneficial to our stockholders.

Provisions in our certificate of incorporation and by-laws, as well as provisions of the General Corporation Law of the State of Delaware ("DGCL"), may discourage, delay or prevent a merger, acquisition or other change in control of the Company, even if such a change in control would be beneficial to our stockholders. These provisions include prohibiting our stockholders from fixing the number of directors and establishing advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our Board.

Additionally, Section 203 of the DGCL prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. We have not opted out of the restrictions under Section 203, as permitted under DGCL.

The warrants to purchase shares of our common stock may not have any value.

The warrants to purchase shares of our common stock are “modified European style warrants” and will only become exercisable on the earlier of (i) the expiration date, November 16, 2025, and (ii) such date that the 30-day volume weighted average price per share, or VWAP, of our common stock is greater than or equal to $17.50. Once the warrants become exercisable, they may be exercised in accordance with the terms of the warrant agreement until their expiration.

The warrants have an exercise price of $12.50 per share. This exercise price does not necessarily bear any relationship to established criteria for valuation of our common stock, such as book value per share, cash flows, or earnings; and the holder of such warrant should not consider this exercise price as an indication of the current or future market price of our common stock. There can be no assurance that the market price of our common stock will exceed $12.50 per share at any time, on the expiration date of the warrants, November 16, 2025, or at any other time the warrants may be exercised. If the warrants only become exercisable on the expiration date and the market price of our common stock on such date does not exceed $12.50 per share, the warrants will be of no value.

There can be no assurance that the 30-day VWAP of our common stock will be greater than or equal to $17.50 at any time prior to the expiration date of the warrants, November 16, 2025. As a result, the warrants may become exercisable only on the expiration date. If the warrants may be exercised only on the expiration date and the holder thereof does not exercise its warrants on that date, such warrants will expire and be of no value.

An active trading market for the warrants to purchase shares of our common stock may not develop.

If an active market for the warrants to purchase shares of our common stock does not develop or is not sustained, it may be difficult for the holders thereof to sell such warrants without depressing the market price for such securities.

Holders of the warrants to purchase shares of our common stock will have no rights as a common stockholder until such holders exercise their warrants and acquire shares of our common stock.

Until warrant holders acquire shares of our common stock upon exercise of the warrants, warrant holders will have no rights with respect to the shares of our common stock underlying such warrants. Upon the acquisition of shares of our common stock upon exercise of the warrants, the holders thereof will be entitled to exercise the rights of a common stockholder only as to matters for which the record date for the matter occurs after the exercise date of the warrants.

Adjustments to the exercise price of the warrants, or the number of shares of common stock for which the warrants are exercisable, following certain corporate events may not fully compensate warrant holders for the value they would have received if they held the common stock underlying the warrants at the time of such events.

The warrants provide for adjustments to the exercise price of the warrants following a number of corporate events, including (i) our issuance of a stock dividend or the subdivision or combination of our common stock, (ii) our issuance of rights, options or warrants to purchase our common stock at a price below the 10-day VWAP of our common stock, (iii) a distribution of capital stock of the Company or any subsidiary other than our common stock, rights to acquire such capital stock, evidences of indebtedness or assets, (iv) our issuance of a cash dividend on our common stock, and (v) certain tender offers for our common stock by the Company or one or more of our wholly-owned subsidiaries. If the Spin-Off is approved by the stockholders, the exercise price of the warrants will be determined ten trading days after the Spin-Off based upon a formula included in the warrant agreement. The warrants also provide for adjustments to the number of shares of common stock for which the warrants are exercisable following our issuance of a stock dividend or the subdivision or combination of our common stock. Any adjustment made to the exercise price of the warrants or the number of shares of common stock for which the warrants are exercisable following a corporate event in accordance with these provisions may not fully compensate warrant holders for the value they would have received if they held the common stock underlying the warrants at the time of the event.

Risks Related to the Spin-Off, if Approved by Stockholders

We may be unable to achieve some or all of the expected benefits of the Spin-Off, and the Spin-Off may adversely affect our business.

As a new, publicly-traded company, MtronPTI may be more susceptible to market fluctuations and other adverse events attendant to our separation from the Company. MtronPTI performance may not meet expectations for a variety of reasons. As a subsidiary of the Company, MtronPTI enjoyed certain benefits, including economies of scope and scale in costs, employees and business relationships. These benefits may not be as readily achievable as a stand-alone company. There can be no assurance that the Spin-Off will not adversely affect our business.

The distribution of MtronPTI common stock may not qualify for tax-free treatment.

There is a risk that the distribution of MtronPTI common stock in the Spin-Off may not qualify for tax-free treatment and, accordingly, will be a taxable transaction to the Company's stockholders. While the distribution is intended to be tax-free under Section 355 of the Internal Revenue Code of 1986, as amended, and while we believe that the Company's stockholders should not recognize gain or loss as a result of the distribution and that no amount should be included in their income as a result of the distribution for U.S. federal income tax purposes, the Company has not obtained, and does not expect to obtain, a tax opinion with respect to the tax consequences of the Spin-Off. Furthermore, neither the Company nor MtronPTI has applied or will apply for a private letter ruling from the Internal Revenue Service (the "IRS") with respect to the tax consequences of the distribution. Accordingly, there can be no assurance that the IRS or another taxing authority will not assert that the distribution is taxable to the Company, MtronPTI or the Company's stockholders. If the distribution is determined to be taxable for U.S. federal income tax purposes, the receipt of MtronPTI common stock in the Spin-Off is expected to be treated as a distribution of property in an amount equal to the fair market value of the stock received. We believe that a reasonable approach to determine the fair market value of the shares of MtronPTI common stock received would be to use the VWAP of MtronPTI common stock on the first full trading day following the distribution. In such circumstances, the distribution of MtronPTI common stock in the Spin-Off would be treated as ordinary dividend income to the extent considered paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of the Company's current year and accumulated earnings and profits will be treated as a non-taxable return of capital, which reduces basis, to the extent of the holder's basis in its shares of the Company's common stock, as applicable, and thereafter as capital gain. The amount of those earnings and profits is not determinable at this time because it will depend on the Company's income for the entire tax year in which the distribution occurs.

***MtronPTI's ability to meet capital needs may be harmed by the loss of financial support from the Company, and MtronPTI may not be able to obtain funds necessary to operate its business*.**

MtronPTI's ability to meet capital needs, which turn on its financial condition and future prospects, may be harmed after the completion of the Spin-Off, and MtronPTI will not be able to access financial support from the Company following the Spin-Off. To the extent MtronPTI seeks funds through accessing equity or debt capital markets, as a standalone company, the cost of financing will depend on many factors, among other things, such as its performance and financial market conditions generally. Accordingly, MtronPTI may not be able to obtain financing or otherwise raise funds necessary to operate its business on favorable terms, or at all. If MtronPTI is unable to raise additional capital when required or on acceptable terms, MtronPTI may have to significantly delay or scale back its acquisition activity and planned capital expenditures, which could adversely impact the business and prospects. In addition, to the extent debt financing, if available, is obtained, MtronPTI may be subject to operating and financial covenants that may restrict its operations and if unable to generate sufficient cash flow from operations to meet future debt payment obligations, MtronPTI may be required to attempt to restructure or refinance such debt, raise additional capital or take other actions such as selling assets, or reducing or delaying capital expenditures. There is no assurance that MtronPTI will be able to effect any such actions or do so on satisfactory terms, if at all, or that such actions would be permitted by the terms of its indebtedness. Further, to the extent that MtronPTI raises additional funds by issuing equity securities, its stockholders would experience dilution, which may be significant and could cause the market price of MtronPTI common stock to decline.

After the separation, certain of our directors and officers may have actual or potential conflicts of interest because of their positions or relationships with MtronPTI.

After the Spin-Off, Marc J. Gabelli will serve as the non-executive chairman of the board of MtronPTI and will also serve as chairman of the board and chief executive officer of the Company and Michael J. Ferrantino will serve as chief executive officer and as a director of MtronPTI and also as a director of the Company. Such dual roles could create, or appear to create, potential conflicts of interest when the Company and MtronPTI's officers and directors face decisions that could have different implications for the two companies.

In addition, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between the Company and MtronPTI regarding the terms of the agreements governing the separation and the relationship thereafter between the companies.

The aggregate post-distribution value of the MtronPTI common stock and the Company's common stock may not equal or exceed the pre-Spin-Off value of the Company's common stock.

After the Spin-Off, the Company's common stock will continue to be listed and traded on the NYSE under the symbol "LGL." The MtronPTI common stock is expected to be listed on the NYSE under the symbol "MPTI." No assurances can be made that the combined value of the Company's common stock and MtronPTI's common stock after the Spin-Off will be equal to or greater than the value of the Company's common stock prior to the Spin-Off. Until the market has fully evaluated the business of the Company without the business of MtronPTI, the value of the Company's common stock may fluctuate significantly. Similarly, until the market has fully evaluated the business of MtronPTI, the value of MtronPTI common stock may fluctuate significantly.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The Company's principal executive offices are located in Orlando, Florida within an MtronPTI operating facility. MtronPTI's operations, which make up our electronic components segment, are located in Orlando, Florida; Yankton, South Dakota; and Noida, India. PTF's operations, which make up our electronic instruments segment, are located in Wakefield, Massachusetts. We also have sales offices in Austin, Texas and Hong Kong.

MtronPTI owns a facility in Orlando, Florida, containing approximately 71,000 square feet on approximately five acres of land and owns a facility in Yankton, South Dakota, containing approximately 32,000 square feet on approximately 11 acres of land. MtronPTI also leases approximately 13,000 square feet of office and manufacturing space in Noida, India. PTF leases approximately 3,600 square feet of office and manufacturing space in Wakefield, Massachusetts. We also lease approximately 700 square feet of office space in Hong Kong. It is our opinion that the facilities referred to above are in good operating condition, suitable, and adequate for present uses.

Item 3. Legal Proceedings.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market for Common Equity

Our common stock and warrants are traded on the NYSE, under the symbols “LGL” and “LGL WS”, respectively. Based upon information furnished by our transfer agent, at March 10, 2022, we had 399 holders of record of our common stock and 416 holders of record of our common stock warrants.

Stock Repurchase Program

On August 29, 2011, our Board authorized the Company to repurchase up to 100,000 shares of its common stock in accordance with applicable securities laws. This authorization increased the total number of shares authorized and available for repurchase under the Company's existing share repurchase program to 540,000 shares, at such times, amounts and prices as the Company shall deem appropriate. Subject to certain safe harbor rules, the timing, amounts, and manner in which the Company can repurchase shares is tied to prevailing trading volumes and other limitations, which includes a general limitation to 25% of the average daily trading volume based on the most recent prior four weeks. As of December 31, 2021, the Company had repurchased a total of 81,584 shares of common stock under this program at a cost of $580,000, which shares are currently held in treasury. No shares were repurchased during the year ended December 31, 2021.

ATM Offering

On January 22, 2020, the Company entered into an Open Market Sales Agreement (the “Sales Agreement”) with Jefferies LLC, as sales agent (“Jefferies”), pursuant to which the Company may offer and sell, from time to time, in what is deemed to be an “at the market offering” (“ATM Offering”) through Jefferies, shares of the Company’s common stock having an aggregate offering price of up to $15,000,000. Shares sold under the Sales Agreement are issued pursuant to the shelf registration statement on Form S-3 (File No. 333-235767), filed by the Company with the SEC on December 31, 2019, which was declared effective on January 8, 2020. The Company filed a prospectus supplement with the SEC on January 23, 2020 in connection with the offer and sale of the shares pursuant to the Sales Agreement. During February and March of 2020, 263,725 shares were sold under the Sales Agreement, at an average price per share of $13.65, generating net proceeds of approximately $3,492,000 after brokerage charges of $108,000 were deducted and paid to Jefferies. As required under the Sales Agreement, the Company obtained the prior consent of Jefferies in order to consummate this offering. The Sales Agreement and ATM Offering remain in effect in accordance with their terms.

Cash Dividend Policy

Our Board has adhered to a practice of not paying cash dividends. This policy takes into account our long-term growth objectives, including our anticipated investments for organic growth, potential technology acquisitions or other strategic ventures and stockholders' desire for capital appreciation of their holdings. In addition, the covenants under MtronPTI’s credit facility effectively place certain limitations on its ability to make certain payments to its parent, including but not limited to payments of dividends and other distributions, which effectively could limit the Company’s ability to pay cash dividends to stockholders. No cash dividends have been paid to our stockholders since January 30, 1989, and none are expected to be paid for the foreseeable future.

Warrant Dividend

On October 27, 2020, our Board declared a dividend of warrants to purchase shares of our common stock to holders of record of our common stock as of November 9, 2020. Each holder of our common stock as of the record date received one warrant for each share of common stock owned. Five warrants will entitle their holder to purchase one share of our common stock at an exercise price of $12.50. The warrants are "modified European style warrants" and will be exercisable on the earlier of (i) their expiration date, November 16, 2025, and (ii) such date that the 30-day VWAP of our common stock is greater than or equal to $17.50. The warrants were issued on November 16, 2020. The Company did not receive any proceeds from the distribution of the warrants. Assuming that all warrants are exercised, the net proceeds from the exercise of the warrants will be approximately $13.0 million. The Company intends to use the net proceeds from the exercise of the warrants for general corporate purposes, which may include working capital, general and administrative expenses, capital expenditures and implementation of our strategic priorities. Pending the application of the net proceeds, we may invest the proceeds in short-term, interest bearing, investment-grade marketable securities or money market obligations.

Item 6. Reserved.

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

You should read the following discussion and analysis together with our audited consolidated financial statements and the accompanying notes. This discussion contains forward-looking statements, including statements regarding our expected financial position, business and financing plans. These statements involve risks and uncertainties. Our actual results could differ materially from the results described in or implied by these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Report, particularly under the headings "Caution Concerning Forward-Looking Statements" and "Risk Factors".

Overview

The Company is a diversified holding company with subsidiaries engaged in the designing, manufacturing and marketing of highly-engineered, high reliability frequency and spectrum control products used to control the frequency or timing of signals in electronic circuits, and in the design of high performance Frequency and Time Reference Standards that form the basis for timing and synchronization in various applications. The Company's primary markets are aerospace and defense.

The accompanying consolidated financial statements include the accounts of the Company and all of its majority-owned subsidiaries except its sole variable interest entity ("VIE"), LGL Systems Acquisition Holding Company, LLC (the "Sponsor"). The VIE, which is accounted for under the equity method of accounting, served as the sponsor to a special purpose acquisition company, LGL Systems Acquisition Corp. (the "SPAC" or "DFNS"). The SPAC completed a merger with its target company, IronNet Cybersecurity, Inc., on August 26, 2021 and changed its name to IronNet, Inc. ("IronNet" or "IRNT") (the "IronNet Business Combination"). IronNet is a publicly-traded company on the NYSE American ("NYSE") under the ticker symbol "IRNT."

Results of Operations

Factors Which May Influence Results of Operations

We are not aware of any material trends or uncertainties, other than the global economic conditions affecting our industry generally, that may reasonably be expected to have a material impact, favorable or unfavorable, on our revenues or income other than those listed in Part I, Item 1A, Risk Factors, of this Annual Report on Form 10-K.

COVID-19

The COVID-19 pandemic ("COVID") has had and may continue to have an adverse impact on our operations and financial performance, as well as on the operations and financial performance of many of the customers and suppliers in industries that we serve. The COVID pandemic continues to present business challenges, and we continue to experience impacts related to COVID, primarily in higher raw material prices, disruptions in global supply chains, delays in supplier deliveries, delays in deliveries to customers, travel restrictions, quarantine restrictions, labor shortages and employee absences.

As a result of COVID, the Company's operations in India were closed on March 23, 2020 and resumed limited operations on May 7, 2020 with a reduced level of staffing. By the end of June 2020, the Company's India facilities were fully operational. Post COVID revenue and bookings declined; and cost saving measures were taken.

In accordance with the Department of Defense guidance issued in March 2020 designating the Defense Industrial Base as a critical infrastructure workforce, our U.S. production facilities have continued to operate in support of essential products and services required to meet national security commitments to the U.S. Government and the U.S. military; however, facility closures or work slowdowns or temporary stoppages have occurred and could occur in the future. In addition, other countries have different practices and policies that can affect our international operations and the operations of our suppliers and customers.

The ultimate impact of COVID on our operations and financial performance depends on many factors that are not within our control, including, but not limited to, duration of the pandemic, potential subsequent waves of COVID infection or potential new variants, the effectiveness and adoption of COVID vaccines and therapeutics, governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic (including shutdown orders, border closings, restrictions on travel and transport and workplace restrictions) and resulting supplier impacts. In addition, to the extent global vaccination programs do not achieve intended results and a longer period of economic and global supply chain and related disruption continues, the more adverse the impact will be on our business operations, financial performance and results of operations.

2021 Compared to 2020

Consolidated Revenues, Gross Margin and Backlog

Total revenues were $28,140,000, a decrease of $3,022,000, or 9.7%, from $31,162,000 in 2020. The decrease in revenue reflects a significant decline in shipments to the avionics market during the COVID pandemic partially offset by strong space business performance. The comparison also reflects first quarter of 2020 pre-COVID conditions.

Consolidated gross margin, which is consolidated revenues less manufacturing cost of sales as a percentage of revenues, improved to 35.8% compared to 35.1% for the prior year. Gross margins improved over last year but were muted by inflationary cost pressures. The margin improvement was from favorable mix and cost reductions, including the elimination of certain previously required redundancies to preserve manufacturing capabilities in response to the COVID impacts on our business. The Company's India operations were shut down for over six weeks during 2020 requiring onshoring of production to U.S. factories, resulting in increased production costs. As LGL is an essential business, we maintained our production and operations, to support our customer requirements.

As of December 31, 2021, our order backlog was $29,797,000, an increase of 50.5% compared to $19,801,000 as of December 31, 2020. Strong bookings of $38,136,000 following depressed 2020 orders, after the rapid falloff from avionics and other related COVID pandemic issues, drove the improvement. Current year bookings reflect the recovering avionics market and strong defense orders including a fourth quarter 2021 $6.3 million order related to a major missile defense program, most of which is expected to ship subsequent to 2022. The backlog of unfilled orders includes amounts based on signed contracts as well as agreed letters of intent, which we have determined are firm orders likely to be fulfilled primarily in the next 12 months.

Order backlog is adjusted quarterly to reflect project cancellations, deferrals, revised project scope and cost, and sales of subsidiaries, if any. We expect to fill a substantial portion of our order backlog as of December 31, 2021 in 2022, but cannot provide assurances as to what portion of the order backlog will be fulfilled in a given year.

Operating (Loss) Income

The Company reported an operating loss of ($786,000). Operating income, without the $1,318,000 non-cash charitable donation of IRNT common stock, was $532,000 compared to operating income of $1,415,000 for the year ended December 31, 2020. This decrease reflects the lower revenues, inflationary pressures and $200,000 of Spin-Off costs incurred during 2021 somewhat offset by the above-described profitability improvements and lower non-cash stock-based compensation costs of $377,000. Engineering, selling and administrative expenses were 38.6% (33.9% excluding the charitable donation) of revenue for the year ended December 31, 2021, compared to 30.5% of revenue for the year ended December 31, 2020.

Gain (Loss) on Equity Investment in Unconsolidated Subsidiary

The Company recognized a gain on equity investment in unconsolidated subsidiary of $59,453,000 compared to a loss of ($262,000) for the year ended December 31, 2020. As more fully described below in the *Non-Recurring Items: Equity Investment in Unconsolidated Subsidiary* section, the substantial increase reflects the impact of the IronNet Business Combination and subsequent Sponsor distribution of IRNT securities. The fair value of IRNT securities determined at the date of distribution represents the basis of these securities in determining realized and unrealized (losses) and gains.

Realized (Loss) Income on Marketable Securities

During the year ended December 31, 2021, the realized loss on marketable securities was ($16,962,000) compared to $74,000 of realized income for the year ended December 31, 2020. Excluding the realized loss related to the disposition of IRNT common stock and related derivative positions of $17,377,000, investment income improved to $415,000 compared to $74,000 for the year ended December 31, 2020. See Note D – Marketable Securities in the accompanying Notes to Consolidated Financial Statements for details.

Unrealized (Loss) Gain on Marketable Securities

During the year ended December 31, 2021, unrealized loss on marketable securities was ($22,949,000). Excluding the unrealized loss of ($22,834,000) from the change in fair value of the Company's IRNT common stock and derivative positions held at December 31, 2021, the unrealized loss of ($155,000) compared to a $139,000 unrealized gain for the year ended December 31, 2020. See Note D – Marketable Securities in the accompanying Notes to Consolidated Financial Statements for details.

Investment gains and losses have caused and are expected to continue to cause significant volatility in our earnings, particularly with respect to our IRNT securities position.

Other Income (Expense), Net

Other income (expense), net was $11,000 compared to ($51,000) for the year ended December 31, 2020 reflecting currency changes.

Income Tax Provision

We must make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, tax benefits and deductions and in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. Significant changes to these estimates may result in an increase or decrease to the tax provision in a subsequent period.

During 2021, the Company released its $379,000 valuation allowance over a portion of its deferred tax assets as the deferred tax assets became more likely than not to be realized given the expected gains on IRNT share sales. We recorded a tax expense of $4,118,000 and $336,000 for the years ended December 31, 2021 and 2020, respectively. The substantially higher tax expense was driven by the gain from our Sponsor investment as a result of the IronNet Business Combination, and an increase in the Company's unrecognized tax benefits, but was partly offset by the tax benefit from the reduction of the Company's previously recorded valuation allowance.

Net Income

Net income was $14,638,000 compared to $968,000 for the year ended December 31, 2020. The increase was from the aforementioned gain from our Sponsor investment as a result of the IronNet Business Combination, partially offset by realized and unrealized accounting losses in IRNT-related securities through December 31, 2021. Basic net income per share for the years ended December 31, 2021 and 2020 was $2.77 and $0.19, respectively. Diluted net income per share for the years ended December 31, 2021 and 2020 was $2.74 and $0.19, respectively.

Non-Recurring Items: Equity Investment in Unconsolidated Subsidiary

The Company invested $6.1 million in LGL Systems Acquisition Holdings, LLC, the Sponsor of LGL Systems Acquisition Corp., a NYSE-listed SPAC trading under the symbol "DFNS" which later completed a business combination with IronNet Cybersecurity, Inc. and began trading on the NYSE under the symbol "IRNT". On September 14, 2021, the Company received 1,572,529 shares of IRNT common stock and 2,065,000 IRNT private warrants, as part of the Sponsor's distribution to certain of its members, with an aggregate fair value of $65.3 million on the date of distribution. Of these shares of common stock, 1,300,000 shares were restricted from sale for at least six months from the date of closing and subject to the applicable shareholder lock-up agreements. In an effort to continue its stakeholder responsibilities in the context of global corporate citizenship, the Company made a charitable gift on September 28, 2021 of 50,000 of these restricted shares of IRNT stock, leaving a balance of 1,250,000 shares of restricted common stock at December 31, 2021. In October 2021, the Company received 1,271,406 shares of IRNT common stock from a cashless exercise of its private warrants.

Prior to the distribution on September 14, 2021, the Company reported its original $6.1 million investment in the Sponsor under the equity method of accounting, recognizing a cumulative Sponsor gain of $59.5 million since its initial 2019 investment which included the $65.3 million investment value increase from the Sponsor's receipt of IRNT securities. After the Sponsor's distribution, the Company's IRNT securities have been classified as marketable securities, with the change in fair value reported as realized and unrealized losses.

As of December 31, 2021, the Company sold 1,455,315 shares of its IRNT common stock partially monetizing its $6.1 million Sponsor investment. Proceeds of $18.5 million from the sale of these shares and the closing of certain IRNT-related derivative transactions were received. At December 31, 2021, we held 1,338,620 shares of IRNT common stock in our portfolio of which 300,000 shares were hedged and in the money. In addition, as a result of the tax gain on the IRNT share sales, the Company was able to utilize nearly all of its net operating loss carryforwards along with a significant portion of its tax credit carryforward to reduce federal and state taxes payable by approximately $2.5 million.

The favorable impact of the Sponsor investment increased the Company's 2021 other income by $19.3 million consisting of a $59.5 million gain on equity investment and a $40.2 loss on the change in fair value of IRNT securities since the Sponsor distribution ($17.4 million realized and $22.8 million unrealized). This reflects mark to market accounting treatment in determining the fair value of the Company's membership interest at distribution and IRNT marketable securities and not the actual realized economic return on our $6.1 million investment in the Sponsor of the SPAC. SPACs characteristically exhibit significant stock price volatility from a shortage of tradeable shares coupled with post-merger derivative transactions, and so we expect significant volatility in our reported earnings as we mark to market our remaining IronNet holdings until they are sold. An independent committee of the Board was established to oversee the orderly liquidation of the investment. The Company has put options for 300,000 IRNT common shares with a strike price of $8 remaining in its portfolio as of December 31, 2021.

Reconciliations of GAAP to Non-GAAP Measures

To supplement our consolidated financial statements presented on a GAAP (generally accepted accounting principles) basis, the Company used certain non-GAAP measures as presented in the following Non-GAAP proforma Statements of Operations. The Non-GAAP statements have been prepared to exclude transactions associated with our investment in the Sponsor (collectively the "Sponsor Transactions"). The Sponsor Transactions include: 1) the Company's third quarter 2021 $1,318,000 non-cash donation of 50,000 shares of IRNT common stock, 2) $59,453,000 gain on equity investment in unconsolidated subsidiary for the year ended December 31, 2021, 3) ($17,377,000) realized loss on the 2021 disposition of IRNT common stock and related derivatives and 4) ($22,834,000) unrealized loss on the mark to market of IRNT-related securities held at December 31, 2021. The Sponsor Transactions include the ($262,000) loss on equity investment in unconsolidated subsidiary for the year ended December 31, 2020.

(Dollars in Thousands)	GAAP	Non-GAAP Adjustment for Sponsor Transactions	Non-GAAP Proforma without Sponsor Transactions	GAAP	Non-GAAP Adjustment for Sponsor Transactions	Non-GAAP Proforma without Sponsor Transactions
	For the Year Ended December 31, 2021			For the Year Ended December 31, 2020		
REVENUES	$ 28,140	$ —	$ 28,140	$31,162	$ —	$ 31,162
Costs and expenses:						
Manufacturing cost of sales	18,069	—	18,069	20,233	—	20,233
Engineering, selling and administrative	10,857	1,318	9,539	9,514	—	9,514
OPERATING (LOSS) INCOME	(786)	(1,318)	532	1,415	—	1,415
Gain (loss) on equity investment in unconsolidated subsidiary	59,453	59,453	—	(262)	(262)	—
Realized (loss) income on marketable securities	(16,962)	(17,377)	415	74	—	74
Unrealized (loss) gain on marketable securities	(22,949)	(22,834)	(115)	139	—	139
Interest expense, net	(11)	—	(11)	(11)	—	(11)
Other income (expense), net	11	—	11	(51)	—	(51)
Income before income taxes	$ 18,756	$ 17,924	$ 832	$ 1,304	$ (262)	$ 1,566

Liquidity and Capital Resources

As of December 31, 2021 and 2020, cash and cash equivalents were $29,016,000 and $18,331,000, respectively. The $18,548,000 of proceeds from the sale of IRNT-related securities drove the significant increase in cash and cash equivalents.

Cash provided by operating activities was $1,352,000 and $3,192,000 for the years ended December 31, 2021 and 2020, respectively. The $1,840,000 decrease was largely due to the lower operating earnings and changes in receivable and inventory levels in 2021 as compared to 2020.

Cash provided by (used in) investing activities for the years ended December 31, 2021 and 2020 was $9,406,000 and ($428,000), respectively. The increase reflects $18,548,000 of proceeds from the sale of IRNT common stock and related derivatives partly offset by the purchase of $5,318,000 of marketable securities and the $2,725,000 funding for the Company's Sponsor investment for its private placement subscription in connection with the IronNet Business Combination. Increased capital expenditures, $1,099,000 in 2021 versus $407,000 in 2020, were for investment in production equipment to improve cost and efficiency.

Cash (used in) provided by financing activities for the years ended December 31, 2021 and 2020 was ($73,000) and $3,114,000, respectively. In 2020, the Company sold securities under its ATM Offering of $3,254,000 and incurred costs related to the issuance of common stock warrants of $202,000. In 2021, Company payments related to net share settlement of equity awards exceeded funds received from the exercise of stock options by $73,000.

As of December 31, 2021, our consolidated working capital was $51,410,000, compared to $30,384,000 as of December 31, 2020. As of December 31, 2021, we had current assets of $55,836,000, current liabilities of $4,426,000 and a ratio of current assets to current liabilities of 12.62 to 1.00. As of December 31, 2020, we had current assets of $33,781,000, current liabilities of $3,397,000 and a ratio of current assets to current liabilities of 9.94 to 1.00. Management continues to focus on efficiently managing working capital requirements to match operating activity levels and will seek to deploy the Company's working capital where it will generate the greatest returns.

We believe that existing cash and cash equivalents, marketable securities and cash generated from operations will provide sufficient liquidity to meet our ongoing working capital and capital expenditure requirements for the next 12 months from the date of this filing. The Company's management continues to strive for profitability both internally and through acquisition.

See Note I – Revolving Credit Agreement and Note K – Stockholders' Equity in the accompanying Notes to Consolidated Financial Statements for details of the revolving credit agreement and the ATM Offering.

Our Board has adhered to a practice of not paying cash dividends. This policy takes into account our long-term growth objectives, including our anticipated investments for organic growth, potential acquisitions or other strategic ventures and stockholders' desire for capital appreciation of their holdings. No cash dividends have been paid to the Company's stockholders since January 30, 1989, and none are expected to be paid for the foreseeable future.

Spin-Off

In late 2021, the Company's Board approved progressing with the Spin-Off (as defined below) of MtronPTI. Completion of the Spin-Off is subject to a number of conditions, including stockholder approval of the transaction. If approved by the Company's stockholders, the Spin-Off will separate the business activities and investments of the Company and create two separate, publicly-traded companies: (1) the Company, which will continue to own and operate PTF and hold substantially all the Company's cash and marketable securities, and (2) MtronPTI, which includes the operations of Piezo Technology, Inc. and M-tron Asia, LLC (the "Spin-Off"). If completed, upon effectiveness of the transaction, LGL stockholders would own shares of both companies.

Management believes that, if completed, the Spin-Off of MtronPTI would enable shareholders to more clearly evaluate the performance and future potential of each entity on a standalone basis, while allowing each entity to pursue its own distinct business strategy and capital allocation policy. Separating MtronPTI as an independent, publicly owned company positions both MtronPTI and LGL Group to create value for their respective shareholders. The Spin-Off would permit each company to tailor its strategic plans and growth opportunities, more efficiently raise and allocate resources, including capital raised through debt or equity offerings, flexibly use its own stock as currency for incentive compensation and potential acquisitions and provide investors a more targeted investment opportunity.

See Note R – Spin-Off of MtronPTI in the accompanying Notes to Consolidated Financial Statements for further details of the transaction.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. Our significant accounting policies are more fully described Note B – Summary of Significant Accounting Policies, in the accompanying Notes to Consolidated Financial Statements. Certain accounting policies require us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. On an ongoing basis, we evaluate our estimates and assumptions, and the effects of revisions are reflected in the financial statements in the period in which they are determined to be necessary. The accounting policies described below are those that most frequently require us to make estimates and judgments and, therefore, are critical to understanding our results of operations.

Income Taxes

We account for income taxes in accordance with Accounting Standards Codification Topic 740 "Income Taxes" ("ASC 740"), which requires an asset and liability approach for the financial accounting and reporting of income taxes. Under this method, deferred income taxes are recognized for the expected future tax consequences of differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. These balances are measured using the enacted tax rates expected to apply in the year(s) in which these temporary differences are expected to reverse. The effect of a change in tax rates on deferred income taxes is recognized in income in the period when the change is enacted.

Based on consideration of all available evidence regarding their utilization, we record net deferred tax assets to the extent that it is more likely than not that they will be realized. Where, based on the weight of all available evidence, it is more likely than not that some amount of a deferred tax asset will not be realized, we establish a valuation allowance for the amount that, in our judgment, is sufficient to reduce the deferred tax asset to an amount that is more likely than not to be realized. In reaching such conclusions, we consider available positive and negative evidence including past operating results, projections of future taxable income, the feasibility of ongoing tax planning strategies and the realizability of tax loss carryforwards. Our projections of future taxable income include estimates and assumptions regarding our income and costs, as well as the timing and amount of reversals of taxable temporary differences.

We account for unrecognized tax benefits in accordance with ASC 740, which prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation, based solely on the technical merits of the position. The tax benefit recognized is the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

As a result of the tax gain on the IRNT share sales in 2021, the Company was able to utilize nearly all of its net operating loss carryforwards along with a significant portion of its tax credit carryforward prior to their expiration reducing 2021 federal and state taxes payable by approximately $2.5 million. We had a valuation allowance of $379,000 at the year ended December 31, 2020; however, this was reversed in 2021 given the significant change in our taxable income assumption from IRNT share sales.

Inventories

We account for inventories at the lower of cost or net realizable value using the FIFO (first-in, first-out) method.

Inventory reserves are determined based on estimated losses that result from inventory that becomes obsolete or for which the Company has excess inventory levels. In determining these estimates, the Company performs an analysis on current demand and usage for each inventory item over historical time periods. Based on that analysis, the Company reserves a percentage of the inventory amount within each time period based on historical demand and usage patterns of specific items in inventory. Actual experience could differ from the amounts estimated requiring adjustments to inventory valuation in future periods.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

See the financial statements included at the end of this Report beginning on page 40.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms, and that such information is accumulated and communicated to us, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, an evaluation as of December 31, 2021 was conducted under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures, as of December 31, 2021, were effective.

Management's Annual Report on Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal controls over financial reporting as of December 31, 2021 based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on that evaluation, our management has concluded that our internal controls over financial reporting were effective as of December 31, 2021.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2021 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors

The following table sets forth information regarding our directors as of December 31, 2021, including their business experience for the past five years (and, in some instances, for prior years) and their specific experience, qualifications, attributes or skills that led to the conclusion that they should serve as directors.

Name	Age	Director Since	Offices and Positions Held with the Company, Business Experience and Principal Occupation for the Last Five Years, and Directorships in Public Corporations and Investment Companies
Marc J. Gabelli	53	2004	Mr. Gabelli currently serves as Non-Executive Chairman of the Board, The LGL Group, Inc. (December 2017 to present, and September 2004 to April 2016); Managing Partner, Horizon Research (January 2013 to present), an investment management and research services provider; Chief Executive Officer, Gabelli Securities International Ltd. (1994 to present), a global alternative asset management platform and merchant advisor; President and Managing Partner, GGCP, Inc. (1999 to present), a private corporation that makes investments for its own account; Managing Member, Commonwealth Management Partners LLC (2008 to present); and Director and Managing Partner, GAMA Funds Holdings GmbH (2009 to present). He formerly served as Chairman and Chief Executive Officer, LGL Systems Acquisition Corp. (NYSE: DFNS) from September 2019 to August 2021 and was also a Director from its inception in early 2019 to August 2021; Chairman of Gabelli Merger Plus Trust since July 2017; Director of GAMCO Investors, Inc. from November 2014 to May 2016; and Director and President of Associated Capital Group (October 2015 to May 2016); Mr. Gabelli brings to the Board his extensive knowledge of the Company's business and industry due to his longstanding service on the Board, as well as his financial expertise and leadership experience as an executive of various investment firms.
Timothy Foufas	53	2007	Mr. Foufas serves as Managing Partner, Plato Foufas & Co. LLC (2005 to present), a financial services company. He previously served as Vice President and Chief Operating Officer, LGL Systems Acquisition Corp. (NYSE: DFNS) from September 2019 to August 2021; Chief Executive Officer of LGL Systems Acquisition Corp. from inception to September 2019; President, Levalon Properties LLC (2007 to 2018), a real estate property management company; Senior Vice President, Bayshore Management Co. LLC (2005 to 2006), a real estate property management company; Director of Investments, Liam Ventures Inc. (2000 to 2005), a private equity investment firm; and Director, ICTC Group, Inc. (2010 to 2013), a rural local exchange carrier headquartered in Nome, ND. Mr. Foufas brings to the Board his management skills and expertise in financial, investment and real estate matters.

Donald H. Hunter	65	2013	Mr. Hunter is the Principal, Donald Hunter LLC (April 2007 to present), a consulting practice based in Wellesley, MA; and the Chairman of the Board and a member of the Audit Committee and Compensation Committees of Greenlane Holdings, Inc. (NASDAQ: GNLN), a global house of brands and one of the largest sellers of premium cannabis accessories (August 2021 to present). He previously served as Chief Operating Officer and Chief Financial Officer for Harbor Global Company Limited (October 2000 to December 2006), a public company that owned and operated international investment management and natural resources subsidiaries; Chief Operating Officer, Pioneer Global Investments, a Division of the Pioneer Group, Inc. (August 1998 to October 2000), a company that provided investment management services and owned several natural resources investments; and Manager of International Finance, the Pioneer Group, Inc. (January 1991 to August 1998), with financial responsibility for international strategic start-ups. Mr. Hunter served as a director and Chairman of the Audit Committee of KushCo Holdings, Inc. (OTCQX: KSHB), a packaging and supply company serving the regulated cannabis industry (February 2018 to August 2021); director of Juniper Pharmaceuticals, Inc. (February 2014 to March 2016), a specialty pharmaceuticals company (NASDAQ: JNP), where he served as Chairman of the Audit Committee; LICT Corporation (June 2014 to May 2015), an integrated provider of broadband and voice services (OTC PK: LICT); and the Pioneer First Polish Trust Fund, where he served as Audit Committee Chairman for the first mutual fund in Poland. Mr. Hunter brings to the Board financial, operating, governance, international and mergers and acquisition experience.
Manjit Kalha	46	2011	Mr. Kalha has served as an Executive Vice President (Finance) at PMV Consumer Acquisition Corp. (NYSE: PMVC) (September 2020 to present); Managing Partner, Horizon Research (August 2012 to present), a firm that provides investment management and research services; Chief Executive Officer, Horizon AMC (June 2008 to present), a firm that provides investment management and consulting services; and Chief Executive Officer and Director, Jeet Associates Private Limited (December 2006 to present), a consulting firm based in New Delhi that provides business strategy, finance, and taxation advisory services. Mr. Kalha began his career at Arthur Andersen's New Delhi office. Mr. Kalha brings to the Board his experience in management and manufacturing operations, and an extensive knowledge of global financial markets.
Ivan Arteaga	53	2019	Mr. Arteaga is the Managing Member and Chief Investment Officer of Arteaga Capital Management, LLC (2006 to present), an investment manager to alternative global investment funds and provider of equity research services; Portfolio Manager of Arteaga Global Partners, LP (2007 to present), a global equity investment partnership; Managing Member of Arteaga Investment Management Group, LLC (2008 to present), a registered investment advisor; Director of Brick Skirt Holdings, Inc. (2014 to present), an owner of rural local exchange carrier DFT Communications. Formerly, he was Interim Chief Executive Officer of The LGL Group, Inc. (January 2020 to March 2021); Portfolio Manager at GAMCO Investors, Inc. (1994 to 2006); Vice President of Equity Research, Gabelli & Company, Inc., a provider of institutional research and brokerage services (1992 to 2002); and Senior Associate at KPMG Inc., a global CPA, audit and consulting firm. Mr. Arteaga brings to the Board his extensive financial and investment experience, his knowledge of global financial markets, and his knowledge and experience as an analyst and investor in the communications and satellite industry.
Bel Lazar	61	2019	Mr. Lazar is currently Chief Operations Officer and member of the Board of Directors at Efficient Power Conversion, a leading provider of gallium

			nitride (GaN)-based power management technology (April 2015 to present); and Chief Executive Officer of EPC Space LLC, a high reliability wide-gap power management technology company, and was previously President and CEO of API Technologies Corp., formerly a NASDAQ listed company. Mr. Lazar brings to the Board his experience in management and aerospace manufacturing operations within our industry, and significant mergers and acquisition experience.
Michael Ferrantino	50	2019	Mr. Ferrantino's biographical information can be found under the section for Executive Officers, below.
John Mega	69	2020	Mr. Mega served as President of LGL Systems Acquisition Corp. (NYSE: DFNS) from September 2019 to August 2021. Mr. Mega was an original founding member of L3, which merged with Harris Technologies and is now L3Harris Technologies, Inc. (NYSE: LHX). Mr. Mega built and managed several divisions at L3 since its formation in 1997 after spinning off from Lockheed Martin. Prior to his retirement in 2018, he was a corporate Senior Vice President and President of L3's Communication Systems, one of the four L3 major business segments. Earlier in his career, he had been President of L3's Microwave Group, President of Narda Microwave, President of Logimetrics Inc., Chief Financial Officer and Vice President of at Lockheed Martin Corp's Tactical Defense Systems, Group Controller at Loral Corp and a principal at Raytheon Company (RTN: NYSE). Mr. Mega brings to the Board his considerable experience in management and manufacturing operations within our industry.

Executive Officers

The following table sets forth information regarding our executive officers as of December 31, 2021, including their business experience for the past five years and prior years.

Name	Age	Offices and Positions Held with the Company, Business Experience and Principal Occupation for the Last Five Years
Michael Ferrantino	50	Mr. Ferrantino currently holds the position of President and Chief Executive Officer for The LGL Group, Inc. (April 2021 to present) and also holds the position of Chief Executive Officer for Interex, Inc. and is on the board of Gabelli Equity Trust, Inc. and Gabelli Utility Trust. Mr. Ferrantino formerly served as a Director of LGL Systems Acquisition Corp. from September 2019 to August 2021 (NYSE: DFNS) and was Chief Executive Officer & Director at Valpey-Fisher Corp. Mr. Ferrantino received an undergraduate degree from Rensselaer Polytechnic Institute and an MBA from Loyola University Maryland. Mr. Ferrantino brings to the Board his experience in management and manufacturing operations, and an extensive knowledge of global financial markets.
James W. Tivy	54	Chief Financial Officer, The LGL Group, Inc. (January 2018 to present); SVP, Finance for INTL FCStone Securities Inc. (November 2012 to January 2017); Group Controller, INTL FCStone Inc. (January 2008 to November 2012).
Joan Atkinson Nano	66	Chief Accounting Officer, The LGL Group, Inc. (June 2020 to present); Chief Financial Officer of Revolution Lighting Technologies, Inc., formerly a NASDAQ listed company (June 2019 to September 2020). Mrs. Nano has served as Managing Director for Finance Solutions, LLC, a financial consulting firm, since 2008. As a financial consultant, she led initiatives on SEC reporting matters, acquisition analysis, cost savings, cash flow improvement, ERP implementation and tax matters for clients including Apollo Global Management (NYSE: APO), Catalyst Capital Group and Tronox Limited (NYSE: TROX). From 2001 to 2008, Mrs. Nano served as Vice President, Controller and Chief Accounting Officer of Crane Co. (NYSE: CR), a diversified manufacturer of highly engineered industrial products for various markets including aerospace and defense, where she led all of the business unit finance teams as well as corporate financial planning and analysis, accounting and financial reporting. Prior to Crane Co., Mrs. Nano held positions at GE Capital Corporation and Pitney Bowes. Mrs. Nano is a Certified Public Accountant, holds a BS degree from Sacred Heart University-Jack Welsh College of Business & Technology, graduating cum laude, and completed executive training at the Wharton School.
Linda Biles	60	Vice-President, Controller, The LGL Group, Inc. (June 2020 to present); Vice-President and Controller for MtronPTI (2007 to present).
Patrick Huvane	54	Senior Vice-President, Business Development, The LGL Group, Inc. (April 2019 to present); Vice President, Finance and Accounting, LGL Systems Acquisition Corp. (NYSE: DFNS) (September 2019 to August 2021); Chief Financial Officer of Teton Advisors, Inc. (OTC: TETAA) since 2019. From 2007 to 2018, Mr. Huvane was employed by Tiptree Inc. (NASD: TIPT) as Chief Accounting Officer.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our officers and directors, and persons who beneficially own more than 10% of our equity securities registered pursuant to Section 12 of the Exchange Act, to file reports of ownership and changes in ownership with the SEC. Based solely upon a review of the reports filed during 2021 and/or written representations from the reporting persons, we believe that, during our fiscal year ended December 31, 2021, all required Section 16(a) filings were timely and correctly made by reporting persons for 2021.

Code of Ethics

We adopted a code of ethics as part of our Business Conduct Policy, which applies to all of our employees, including our principal executive, financial and accounting officers. Our Business Conduct Policy is available at www.lglgroup.com. Amendments to and waivers of our code of ethics and Business Conduct Policy will be disclosed on our website.

Audit Committee

The Audit Committee of the Board (the "Audit Committee") consists of Messrs. Hunter, Kalha and Foufas. The Board has determined that all Audit Committee members are financially literate and independent under applicable NYSE listing standards. Mr. Hunter serves as Chairman of the Audit Committee, and the Board has determined that he qualifies as the Audit Committee financial expert, as defined under the Exchange Act.

Item 11. Executive Compensation.

Summary Compensation Table

The following table sets forth information with respect to compensation earned by the named executive officers:

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards (1) ($)		Total ($)
Michael Ferrantino (2)	2021	161,827	—	532,800	(3)	694,627
President and Chief Executive Officer						
Ivan Arteaga (2)	2021	17,702	—	—		17,702
Former Interim Chief Executive Officer	2020	46,708	—	405,450	(4)	452,158
James W. Tivy	2021	96,000	25,000	—		121,000
Chief Financial Officer	2020	96,000	—	—		96,000
Linda Biles	2021	132,018	27,000			159,018
Vice President, Controller	2020	130,160	52,000	120,000	(5)	302,160

(1) Reflects the aggregate grant date fair value of stock awards or option awards granted in the applicable year, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. For a discussion of the assumptions and methodologies used to calculate these amounts, please see Note L - Stock-Based Compensation in the accompanying Notes to Consolidated Financial Statements.

(2) While serving as an officer of the Company, compensation is not provided for services as a director. See Non-Employee Director Compensation table for (i) Mr. Ferrantino's remuneration as a director prior to his appointment as an officer; and (ii) Mr. Arteaga's remuneration as a director following the completion of his assignment as Interim Chief Executive Officer.

(3) On December 28, 2021, the Company awarded Mr. Ferrantino 45,000 restricted shares of common stock with a grant date fair value of $532,800.

(4) On March 26, 2020, the Company awarded Mr. Arteaga 45,000 restricted shares of common stock with a grant date fair value of $405,450. Upon completion of his assignment as Interim Chief Executive Officer in March 2021, 26,250 of these shares were forfeited. The remaining 18,750 shares with a grant date fair value of $168,938 vest through 2023 provided he continues to serve on the Company's Board.

(5) On December 29, 2020, the Company awarded Ms. Biles 10,762 restricted shares of common stock with a grant date fair value of $120,000.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth the information with respect to outstanding equity awards held by our named executive officers as of December 31, 2021.

	Stock Awards (1)	
Name	**Number of Shares or Units of Stock that Have Not Vested (#)**	**Market Value of Shares or Units of Stock that Have Not Vested ($) (5)**
Michael Ferrantino (2)	30,000	342,000
Ivan Arteaga (3)	18,750	213,750
Linda Biles (4)	7,533	85,876

(1) There are no LGL stock options held by any named executive officers.

(2) On December 28, 2021, the Company granted Mr. Ferrantino 45,000 restricted shares of common stock with a grant date fair value of $532,800. These shares vest as follows: 15,000 at December 28, 2021, 15,000 at April 1, 2022 and 15,000 at April 1, 2023.

(3) On March 26, 2020, the Company awarded Mr. Arteaga 45,000 restricted shares of common stock in connection with his role as LGL's Interim Chief Executive Officer. Upon completion of his assignment in March 2021, 26,250 of these shares were forfeited. The remaining 18,750 shares had a grant date fair value of $168,938 and vest as follows: 15,000 at January 1, 2022 and 3,750 at January 1, 2023.

(4) On December 29, 2020, the Company awarded Ms. Biles 10,762 restricted shares of common stock with a grant date fair value of $120,000. These shares vest as follows: 3,229 at December 29, 2021, 3,229 at December 29, 2022 and 4,304 at December 29, 2023.

(5) Market value is based on the closing price of our common stock on December 31, 2021 of $11.40 per share.

Non-Employee Director Compensation

The following table sets forth information with respect to compensation earned by or awarded to each non-employee director who served on the Board during the fiscal year ended December 31, 2021:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Total ($)
Marc J. Gabelli	16,750	15,001	31,751
Timothy Foufas	25,250	15,001	40,251
Donald H. Hunter	24,250	15,001	39,251
Manjit Kalha	23,250	15,001	38,251
Bel Lazar	19,750	15,001	34,751
John Mega	17,750	15,001	32,751
Ivan Arteaga (2)	11,250	15,001	26,251
Robert LaPenta (3)	14,250	—	14,250
Michael Ferrantino (4)	4,750	—	4,750

(1) These shares were granted under the 2021 Incentive Plan.

(2) Reflects Mr. Arteaga's compensation earned as a non-employee director since completing his assignment as Interim Chief Executive Officer in March 2021.

(3) Mr. LaPenta was a member of the Company's Board until his resignation on September 27, 2021, as he joined IronNet as a board member upon the IRNT Business Combination.

(4) Since Mr. Ferrantino's appointment as President and Chief Executive Officer, he no longer receives compensation for his service as a director. See Summary Compensation Table for Mr. Ferrantino's remuneration as an executive officer.

Non-employee directors also receive the following in addition to the equity awards granted as part of their base compensation: (i) their annual base cash compensation of $10,000; (ii) $2,000 for each meeting of the Board attended in person and $750 for attendance at each meeting held telephonically and (iii) the Audit Committee Chairman receives a $2,000 annual cash retainer, and the Nominating Committee Chairman and Compensation Committee Chairman each receives a $1,000 annual cash retainer.

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

The following table sets forth information regarding the number of shares of our common stock beneficially owned on March 10, 2022, by:

- Each person who is known to us to beneficially own more than 5% of our common stock;
- Each of our directors, nominees and named executive officers; and
- All of our directors and executive officers, as a group.

The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power, which includes the power to vote or direct the voting of a security, or investment power, which includes the power to dispose of or to direct the disposition of a security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest. Except as otherwise indicated in the footnotes below, each of the beneficial owners listed has, to our knowledge, sole voting and investment power with respect to the indicated shares of common stock.

Except as otherwise set forth below, the address of each of the persons listed below is: The LGL Group, Inc., 2525 Shader Road, Orlando, Florida 32804.

	Common Stock Beneficially Owned (1)		
Name and Address of Beneficial Owner	**Shares**		**%**
5% Stockholders:			
Mario J. Gabelli	1,042,612	(2)	19.4
Directors and Named Executive Officers:			
Marc J. Gabelli	844,883	(3)	15.7
Michael Ferrantino	46,507	(4)	*
Timothy Foufas	38,542		*
Donald H. Hunter	26,515		*
Manjit Kalha	24,751		*
Ivan Arteaga	20,017	(5)	*
Linda Biles	16,353	(6)	*
Bel Lazar	7,142		*
John Mega	6,625		*
James W. Tivy	3,000		*
All executive officers and directors as a group (12 persons)	1,034,335		19.3

* Less than 1% of outstanding shares.

(1) The applicable percentage of ownership for each beneficial owner is based on 5,365,256 shares of common stock outstanding as of March 10, 2022. Shares of common stock issuable upon exercise of options, warrants or other rights beneficially owned that are exercisable within 60 days are deemed outstanding for the purpose of computing the percentage ownership of the person holding such securities and rights and all executive officers and directors as a group.

(2) Includes (i) 500,675 shares of common stock owned directly by Mario J. Gabelli; (ii) 476,937 shares owned by GGCP Inc., of which Mario J. Gabelli is the chief executive officer, a director and controlling shareholder; (iii) 64,500 shares held by the Gabelli Foundation, Inc. and (iv) 500 shares owned by GAMCO Asset Management, Inc. Mario J. Gabelli disclaims beneficial ownership of the shares owned by MJG-IV Limited Partnership, and GGCP, Inc. except to the extent of his pecuniary interest therein. Mario J. Gabelli's business address is 401 Theodore Fremd Avenue, Rye, New York 10580-1430. This disclosure is based solely on information in a Form 4 filed by Mario J. Gabelli with the SEC on November 18, 2020.

(3) Includes (i) 80,580 shares of common stock owned directly by Marc J. Gabelli; and (ii) 764,303 shares held by Venator Merchant Fund, L.P. ("Venator Fund"). Venator Global, LLC ("Venator Global"), which is the sole general partner of Venator Fund, may be deemed to beneficially own the securities owned by Venator Fund. Marc J. Gabelli, who is the President and Sole Member of Venator Global, may be deemed to beneficially own the securities owned by

Venator Fund. Marc J. Gabelli disclaims beneficial ownership of the securities owned by Venator Fund, except to the extent of his pecuniary interest therein.

(4) Includes 30,000 shares of unvested restricted stock.

(5) Includes 3,750 shares of unvested restricted stock.

(6) Includes 7,533 shares of unvested restricted stock.

Equity Compensation Plan Information

The following table provides information as of December 31, 2021 about our common stock that may be issued upon the exercise of options, warrants and rights under all of our existing equity compensation plans (including individual arrangements):

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)	25,000	$ 12.72	946,511
Equity compensation plans not approved by security holders	—	—	—
Total	25,000	$ 12.72	946,511

(1) The 2021 Incentive Plan was approved by our stockholders on December 28, 2021. 1,000,000 shares of common stock are authorized for issuance under the 2021 Incentive Plan. Options to purchase 25,000 shares of common stock issued under the Amended and Restated 2011 Incentive Plan were outstanding as of December 31, 2021. Restricted stock awards outstanding as of December 31, 2021 amounted to 56,283, of which 26,283 were issued under the Amended and Restated 2011 Incentive Plan and 30,000 were issued under the 2021 Incentive Plan.

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

Transactions with Related Persons, Promoters and Certain Control Persons

Certain cash equivalents and marketable securities held and invested in various mutual funds are managed by a related entity (the "Fund Manager"). Marc Gabelli, the Company’s non-executive Chairman of the Board, who is also a greater than 10% stockholder, serves as an executive officer of the Fund Manager. As of December 31, 2021 and 2020, the balance with the Fund Manager totaled $15,595,000 and $19,063,000, respectively. Fund management fees earned by the Fund Manager are anticipated to be approximately 0.50% of the asset balances under management on an annual basis. The brokerage and fund transactions in 2021 and 2020 were directed solely at the discretion of the Company’s management.

All transactions between us and any of our officers, directors, director nominees, principal stockholders or their immediate family members are to be approved by the Audit Committee and are to be on terms no less favorable to us than we could obtain from unaffiliated third parties. Such policy and procedures are set forth in a resolution of the Board.

Director Independence

As required under NYSE rules, a majority of the members of a listed company's board of directors must qualify as "independent," as affirmatively determined by such board of directors. The Board has determined that Messrs. Foufas, Hunter, Kalha, Lazar and Mega, comprising a majority of the members of the Board, are independent within the meaning of NYSE rules.

Item 14. Principal Accountant Fees and Services Fees Billed During Fiscal 2021 and 2020

Audit Fees

Aggregate audit fees for the years ended December 31, 2021 and 2020, were $247,125 and $238,395, respectively, and include fees billed by RSM US LLP ("RSM") as the Company's independent registered public accounting firm for the years ended December 31, 2021 and 2020. Audit fees include services relating to auditing the Company's annual financial statements included in the Company’s annual report on Form 10-K and reviewing the Company's financial statements included in the Company's quarterly reports on Form 10-Q.

Audit-Related Fees

During 2021, RSM rendered audit-related services in connection with the Company’s Preliminary Proxy Statement on Schedule 14A relating to obtaining stockholder approval for the Spin-Off of its MtronPTI subsidiary and charged fees of $36,750.

During 2020, RSM rendered audit-related services in connection with the Company's registration statement on Form S-1 (Registration No. 333-249639) relating to a dividend of warrants to purchase shares of the Company’s common stock and charged fees of $26,500 during the year ended December 31, 2020 for these services.

Tax Fees

During the year ended December 31, 2020, RSM rendered tax services in connection with the Company’s required federal and state income tax reporting. Total fees charged during the year ended December 31, 2020 totaled $40,425. These non-audit tax preparation services performed by RSM were pre-approved by the Company’s Audit Committee.

All Other Fees

RSM did not render any other services during the years ended December 31, 2021 and 2020.

Pre-Approval Policies and Procedures

The Audit Committee policy and procedures for the pre-approval of audit and non-audit services rendered by our independent registered public accounting firm are reflected in the Audit Committee Charter. The Audit Committee Charter provides that the Audit Committee shall pre-approve all audit and non-audit services provided by the independent registered public accounting firm and shall not engage the independent registered public accounting firm to perform the specific non-audit services proscribed by law or regulation. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Audit Committee member to whom pre-approval authority is delegated must be presented to the full Audit Committee at its next scheduled meeting.

If any services other than audit services are rendered by our independent registered public accounting firm, the Audit Committee determines whether such services are compatible with maintaining our independent registered public accounting firm's independence.

All services performed by our independent registered public accounting firm were pre-approved by the Audit Committee.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) List of documents filed as part of this report:

1. Financial Statements:

2. Financial Statement Schedules:

None.

3. Exhibit Index

The following is a list of exhibits filed as part of this Form 10-K:

Exhibit No.	Description
2.1	Asset Purchase Agreement, dated as of January 31, 2014, made by and between M-tron Industries, Inc. and Trilithic, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 15, 2014).
3.1	Certificate of Incorporation of The LGL Group, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on August 31, 2007).
3.2	The LGL Group, Inc. By-Laws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on August 31, 2007).
3.3	The LGL Group, Inc. Amendment No. 1 to By-Laws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 17, 2014).
3.4	The LGL Group, Inc. Amendment No. 2 to By-Laws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on February 21, 2020).
3.5	The LGL Group, Inc. Amendment No. 3 to By-Laws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on February 26, 2020).
3.6	The LGL Group, Inc. Certificate of Amendment to Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on January 4, 2022).
4.1	Form of Subscription and Information Agent Agreement by and between The LGL Group, Inc. and Broadridge Corporate Issuer Solutions, Inc. (incorporated by reference to Exhibit 4.2 to Amendment No. 1 to the Company's Registration Statement on Form S-1 (Registration No. 333-218901) filed with the SEC on August 21, 2017).
4.2	Form of Transferable Subscription Rights Certificate (incorporated by reference to Exhibit 4.3 to Amendment No. 1 to the Company's Registration Statement on Form S-1 (Registration No. 333-218901) filed with the SEC on August 21, 2017).

Exhibit No.	Description
4.3	Form of Indenture (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (Registration No. 333-235767) filed with the SEC on December 31, 2019).
4.4	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.*
4.5	Form of Warrant Certificate (incorporated by reference to Exhibit 4.3 to Amendment No. 1 to the Company's Registration Statement on Form S-1 (Registration No. 333-249639) filed with the SEC on November 2, 2020).
4.6	Form of Warrant Agreement, by and among the Company, Computershare Inc., and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.4 to Amendment No. 1 to the Company's Registration Statement on Form S-1 (Registration No. 333-249639) filed with the SEC on November 2, 2020).
10.1	The LGL Group, Inc. 401(k) Savings Plan (incorporated by reference to Exhibit 10(b) to the Company's Annual Report on Form 10-K filed with the SEC on April 1, 1996). +
10.2	The LGL Group, Inc. 2021 Incentive Plan (incorporated by reference to Annex A to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on December 6, 2021).+
10.3	Form of Indemnification Agreement by and between The LGL Group, Inc. and its executive officers and directors (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K filed with the SEC on March 24, 2011). +
10.4	Independent Contractor Agreement between The LGL Group, Inc. and James W. Tivy (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 6, 2018). +
10.5	Open Market Sale Agreement between the Company and Jeffries LLC (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2020).
10.6	Employment Agreement between the Company and Ivan Arteaga (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 31, 2020).+
10.7	Promissory Note, Piezo Technology Inc., dated April 15, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 20, 2020).
10.8	Promissory Note, MTron Industries Inc., dated April 15, 2020 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on April 20, 2020).
10.9	Promissory Note, Precise Time and Frequency LLC, dated April 15, 2020 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on April 20, 2020).
10.10	Loan Agreement by and among M-tron Industries, Inc., Piezo Technology, Inc. and Synovus Bank, dated May 12, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 15, 2020).
10.11	Promissory Note in favor of Synovus Bank, dated May 12, 2020 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on May 15, 2020).
10.12	Security Agreement by and among M-tron Industries, Inc., Piezo Technology, Inc. and Synovus Bank, dated May 12, 2020 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on May 15, 2020).

Exhibit No.	Description
10.13	Independent Contractor Agreement between the Company and Joan Atkinson Nano (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 6, 2020).+
21.1	Subsidiaries of The LGL Group, Inc.*
23.1	Consent of Independent Registered Public Accounting Firm – RSM US LLP.*
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*
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 (embedded within the Inline XBRL document)*

* Filed herewith

** Furnished herewith. In accordance with Item 601(b)(32) of Regulation S-K, this Exhibit is not deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

+ Indicates management or compensatory plan.

The exhibits listed above have been filed separately with the SEC in conjunction with this Annual Report on Form 10-K or have been incorporated by reference into this Annual Report on Form 10-K. Upon request, the Company will furnish to each of its stockholders a copy of any such exhibit. Requests should be addressed to the Corporate Secretary, The LGL Group, Inc., 2525 Shader Road, Orlando, Florida 32804.

Item 16. Form 10-K Summary.

None.

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.

THE LGL GROUP, INC.

March 28, 2022

By: /s/ Michael Ferrantino
Michael Ferrantino
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

SIGNATURE	CAPACITY	DATE
/s/ Michael Ferrantino MICHAEL FERRANTINO	President, Chief Executive Officer and Director (Principal Executive Officer)	March 28, 2022
/s/ James W. Tivy JAMES W. TIVY	Chief Financial Officer (Principal Financial Officer)	March 28, 2022
/s/ Joan Atkinson Nano JOAN ATKINSON NANO	Chief Accounting Officer (Principal Accounting Officer)	March 28, 2022
/s/ Marc J. Gabelli MARC J. GABELLI	Director	March 28, 2022
/s/ Timothy Foufas TIMOTHY FOUFAS	Director	March 28, 2022
/s/ Donald H. Hunter DONALD H. HUNTER	Director	March 28, 2022
/s/ Manjit Kalha MANJIT KALHA	Director	March 28, 2022
/s/ Bel Lazar BEL LAZAR	Director	March 28, 2022
/s/ Ivan Arteaga IVAN ARTEAGA	Director	March 28, 2022
/s/ John Mega JOHN MEGA	Director	March 28, 2022

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of The LGL Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The LGL Group, Inc. and its subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involves our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Inventory Valuation Reserve

As described in Notes B and G to the financial statements, the Company’s net inventory balance of approximately $5.5 million included a reserve for obsolete and excess inventory of approximately $1.4 million at December 31, 2021. The Company maintains a reserve for inventory based on estimated losses that result from inventory that becomes obsolete or for which the Company has excess inventory levels. In determining this estimate, the Company performs an analysis on current demand and usage for each inventory item over historical time periods. Based on that analysis, the Company reserves a percentage of the inventory amount within each time period based on historical demand and usage patterns of specific items in inventory.

We identified the reserve for obsolete and excess inventory as a critical audit matter because auditing management's assumptions used in the estimate for obsolete and excess inventory involved a high degree of auditor judgement and increased audit effort, including the use of information technology professionals, due to the impact these assumptions have on management's estimate.

Our audit procedures related to the Company's reserve for obsolete and excess inventory included the following, among others:

- We tested the accuracy and completeness of the underlying data used in management's estimates of the inventory reserve, including reports related to the relevant inventory demand and historical usage.
- Developed an independent expectation of the expected inventory reserve at year-end based upon a trend analysis of historical product usage and compared it to management's estimate.
- We utilized an internal information technology professional to verify the underlying logic data of the report used by management to produce usage data.
- Tested the mathematical accuracy of management's inventory reserve calculation and the reports used by management as inputs in the calculation.

/s/ RSM US LLP

We have served as the Company's auditor since 2011.

Orlando, Florida

March 28, 2022

THE LGL GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands, Except per Share Amounts)

	December 31, 2021	December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 29,016	$ 18,331
Marketable securities	16,167	5,791
Accounts receivable, net of allowances of $208 and $189, respectively	4,667	4,122
Inventories, net	5,492	5,280
Prepaid expenses and other current assets	494	257
Total Current Assets	55,836	33,781
Property, Plant and Equipment		
Land	536	536
Buildings and improvements	4,869	4,810
Machinery and equipment	18,815	17,775
Gross property, plant and equipment	24,220	23,121
Less: accumulated depreciation	(20,837)	(20,336)
Net property, plant and equipment	3,383	2,785
Right-of-use lease asset	396	422
Equity investment in unconsolidated subsidiary	—	3,072
Intangible assets, net	252	327
Deferred income tax asset	34	3,052
Other assets	5	16
Total Assets	$ 59,906	$ 43,455
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 1,455	$ 1,240
Accrued compensation and commissions expense	1,549	1,324
Income taxes payable	599	25
Other accrued expenses and liabilities	823	808
Total Current Liabilities	4,426	3,397
Deferred income tax liability	124	—
Other liabilities	613	293
Total Liabilities	5,163	3,690
Contingencies (Note O)		
Stockholders' Equity		
Common stock, $0.01 par value - 30,000,000 and 10,000,000 shares authorized as of December 31, 2021 and 2020, respectively; 5,446,840 shares issued and 5,308,973 shares outstanding at December 31, 2021, and 5,409,550 shares issued and 5,272,204 shares outstanding at December 31, 2020	53	53
Additional paid-in capital	45,817	45,477
Retained earnings (accumulated deficit)	9,453	(5,185)
Treasury stock, 81,584 shares held in treasury at cost at December 31, 2021 and 2020	(580)	(580)
Total Stockholders' Equity	54,743	39,765
Total Liabilities and Stockholders' Equity	$ 59,906	$ 43,455

See Accompanying Notes to Consolidated Financial Statements.

THE LGL GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands, Except Per Share Amounts)

	Years Ended December 31, 2021	Years Ended December 31, 2020
REVENUES	$ 28,140	$ 31,162
Costs and expenses:		
Manufacturing cost of sales	18,069	20,233
Engineering, selling and administrative	10,857	9,514
OPERATING (LOSS) INCOME	(786)	1,415
Other income (expense):		
Interest expense, net	(11)	(11)
Gain (loss) on equity investment in unconsolidated subsidiary	59,453	(262)
Realized (loss) income on marketable securities	(16,962)	74
Unrealized (loss) gain on marketable securities	(22,949)	139
Other income (expense), net	11	(51)
Total other income (expense), net	19,542	(111)
INCOME BEFORE INCOME TAXES	18,756	1,304
Income tax provision	4,118	336
NET INCOME	$ 14,638	$ 968
Basic per share information:		
Weighted average number of shares used in basic earnings per share calculation	5,275,374	5,173,430
Basic net income per share	$ 2.77	$ 0.19
Diluted per share information:		
Weighted average number of shares used in diluted earnings per share calculation	5,334,087	5,216,859
Diluted net income per share	$ 2.74	$ 0.19

See Accompanying Notes to Consolidated Financial Statements.

THE LGL GROUP, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in Thousands)

	Shares of Common Stock Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock	Total
Balance at December 31, 2019	4,933,063	$ 50	$ 41,576	$ (6,153)	$ (580)	$ 34,893
Net income	—	—	—	968	—	968
Exercise of stock options	20,329	—	85	—	—	85
Repurchase of shares exercised	(2,295)	—	(23)	—	—	(23)
Stock-based compensation	57,382	—	790	—	—	790
At-the market stock sales	263,725	3	3,251	—	—	3,254
Share-related issuance costs	—	—	(202)	—	—	(202)
Balance at December 31, 2020	5,272,204	53	45,477	(5,185)	(580)	39,765
Net income	—	—	—	14,638	—	14,638
Exercise of stock options	33,050	—	178	—	—	178
Repurchase of shares exercised	(22,999)	—	(251)	—	—	(251)
Stock-based compensation	26,718	—	413	—	—	413
Balance at December 31, 2021	5,308,973	$ 53	$ 45,817	$ 9,453	$ (580)	$ 54,743

See Accompanying Notes to Consolidated Financial Statements.

THE LGL GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	Years Ended December 31, 2021	2020
OPERATING ACTIVITIES		
Net income	$ 14,638	$ 968
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	501	453
Amortization of finite-lived intangible assets	75	75
Stock-based compensation	413	790
(Gain) loss on equity investment in unconsolidated subsidiary	(59,453)	262
Realized loss on sale of marketable securities	17,377	—
Unrealized loss (gain) on marketable securities	22,949	(139)
Non-cash donation of IRNT common stock	1,318	—
Deferred income tax expense	3,142	255
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable, net	(545)	323
(Increase) decrease in inventories, net	(212)	736
(Increase) decrease in prepaid expenses and other assets	(226)	194
Increase (decrease) in income taxes payable	574	(8)
Increase (decrease) in accounts payable, accrued compensation and commissions expense and other	801	(717)
Net cash provided by operating activities	1,352	3,192
INVESTING ACTIVITIES		
Subscription agreement funding	(2,725)	—
Capital expenditures	(1,099)	(407)
Proceeds from sale of marketable securities	18,548	—
Purchase of marketable securities	(5,318)	(21)
Net cash provided by (used in) investing activities	9,406	(428)
FINANCING ACTIVITIES		
Proceeds from issuance of at-the-market stock sales	—	3,254
Share-related issuance costs	—	(202)
Proceeds from stock option exercise	178	85
Payment for taxes related to net share settlement of equity awards	(251)	(23)
Net cash (used in) provided by financing activities	(73)	3,114
Increase in cash and cash equivalents	10,685	5,878
Cash and cash equivalents at beginning of year	18,331	12,453
Cash and cash equivalents at end of year	$ 29,016	$ 18,331
Noncash Investing Activity:		
Distribution of IRNT securities by Sponsor (unconsolidated subsidiary)	$ 65,250	$ —
Supplemental Disclosure:		
Interest paid	$ —	$ 3
Income taxes paid	$ 72	$ 60

See Accompanying Notes to Consolidated Financial Statements.

THE LGL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation

The consolidated financial statements include the accounts of The LGL Group, Inc. (the "Company", "LGL Group", "we", "LGL", "our" or "us") and all of its majority-owned subsidiaries except its sole variable interest entity ("VIE"), LGL Systems Acquisition Holding Company, LLC. Intercompany transactions and accounts have been eliminated in consolidation. These consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP").

Certain amounts in prior year consolidated financial statements have been reclassified to conform to the current year presentation.

The Company was incorporated in 1928 under the laws of the State of Indiana and reincorporated under the laws of the State of Delaware in 2007, and is a diversified holding company with subsidiaries engaged in the design, manufacturing and marketing of highly-engineered, high reliability frequency and spectrum control products used to control the frequency or timing of signals in electronic circuits and in the design of high performance Frequency and Time Reference Standards that form the basis for timing and synchronization in various applications.

The Company is engaged in investment and manufacturing business activities. Its manufacturing businesses are operated through its two principal subsidiaries, (1) M-tron Industries, Inc. ("MtronPTI"), which includes the operations of Piezo Technology, Inc. ("PTI") and M-tron Asia, LLC ("Mtron"), and (2) Precise Time and Frequency, LLC ("PTF"). The Company has operations in Orlando, Florida; Yankton, South Dakota; Wakefield, Massachusetts; and Noida, India. MtronPTI also has sales offices in Austin, Texas and Hong Kong.

In 2019, the Company created an intermediate holding company, M-tron Systems Holdings, LLC, for its existing operating assets and reorganized to facilitate opportunities to further diversify its portfolio. The Company formed three subsidiaries: M-tron Systems Holdings, LLC, LGL Systems Acquisition Holding Company, LLC and LGL Systems Acquisition Corp. LGL Systems Acquisition Holding Company, LLC (the "Sponsor") was the sponsor of LGL Systems Acquisition Corp. (the "SPAC"), a special purpose acquisition company, commonly referred to as a SPAC or blank check company, formed for the purpose of effecting a business combination in the aerospace, defense and communications industries which was completed in 2021. The SPAC was listed on the NYSE under the ticker symbol "DFNS" until August 2021 when the merger with its target company was completed. See Note C - Equity Investment in Unconsolidated Subsidiary.

B. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its majority-owned subsidiaries except its sole VIE, LGL Systems Acquisition Holding Company, LLC (the "Sponsor"). Intercompany transactions and accounts have been eliminated in consolidation. The VIE served as the Sponsor to the SPAC. The SPAC completed a merger with its target company, IronNet Cybersecurity, Inc., on August 26, 2021 and changed its name to IronNet, Inc. ("IronNet" or "IRNT") (the "IronNet Business Combination"). IronNet is a publicly-traded company on the NYSE American ("NYSE") under the ticker symbol "IRNT."

VIE: Our sole interest in a VIE, the Sponsor, was accounted for under the equity method of accounting and not consolidated. Determining whether to consolidate a VIE requires judgement in assessing whether an entity is a VIE and if we are the entity's primary beneficiary. If we are the primary beneficiary of a VIE, we are required to consolidate the entity. To determine if we are the primary beneficiary, we evaluate whether we have the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. Our evaluation included identification of significant activities and an assessment of our ability to direct those activities, based on operating and other legal agreements as well as governance provisions. As a result of our review, we concluded that we were not the primary beneficiary of the VIE and that consolidation was not warranted.

The Sponsor is managed by LGL Systems Nevada Management Partners LLC ("Nevada GP"), an affiliated entity deemed to be under the significant influence of Marc Gabelli, the Company's non-executive Chairman of the Board, who is also a greater than 10% stockholder of the Company. The Company has determined that it is not the primary beneficiary of the Sponsor, as Nevada GP has the power to direct the activities of the Sponsor that most significantly impact the Sponsor's economic performance through an operating agreement. The Company, therefore, accounts for the Sponsor under the equity method of accounting.

Equity-Method Investments: When the Company does not have a controlling financial interest in an entity but can exert significant influence over the entity's operating and financial policies, the investment is accounted for either (i) under the equity method of accounting or (ii) at fair value by electing the fair value option available under GAAP. Significant influence generally exists when the Company owns 20% to 50% of the entity's common stock or in-substance common stock. In applying the equity method, we record the investment at cost and subsequently increase or decrease the carrying amount of the investment by our proportionate share of earnings or losses of the investee. We record dividends or other equity distributions as reductions in the carrying value of the investment. The Company reports the equity income (loss) from its investment in the Sponsor on a one-quarter lag basis. Following the Sponsor's 2021 distribution of IRNT securities to the Company, as more fully described in Note C – Equity Investment in Unconsolidated Subsidiary, the Company's remaining investment in the Sponsor is de minimis.

Uses of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly-liquid investments with no maturity or with a maturity of less than three months when purchased.

Marketable Securities

Marketable equity securities are reported at fair value with the change in fair value from acquisition being recorded as gains and losses in the consolidated statement of operations. Gains and losses are reported as realized on securities sold during the period and unrealized on securities held at the end of the period.

Accounts Receivable

Accounts receivable consists principally of amounts due from both domestic and foreign customers. Credit is extended based on an evaluation of the customer's financial condition and collateral is not required. In relation to export sales, the Company requires letters of credit supporting a significant portion of the sales price prior to production to limit exposure to credit risk. Certain credit sales are made to industries that are subject to cyclical economic changes.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. These allowances are maintained at a level that management believes is sufficient to cover potential credit losses. Estimates are based on historical collection experience, current trends, credit policy and the relationship between accounts receivable and revenues. In determining these estimates, the Company examines historical write-offs of its receivables and reviews each customer's account to identify any specific customer collection issues. If the financial condition of its customers were to deteriorate, resulting in an impairment of their ability to make payment, additional allowances might be required.

Inventories

Inventories are valued at the lower of cost or net realizable value using the FIFO (first-in, first-out) method.

The Company maintains a reserve for inventory based on estimated losses that result from inventory that becomes obsolete or for which the Company has excess inventory levels. In determining these estimates, the Company performs an analysis on current demand and usage for each inventory item over historical time periods. Based on that analysis, the Company reserves a percentage of the inventory amount within each time period based on historical demand and usage patterns of specific items in inventory.

Property, Plant and Equipment, Net

Property, plant and equipment are recorded at cost less accumulated depreciation and include expenditures for major improvements. Maintenance and repairs are charged to operations as incurred. Depreciation is computed for financial reporting purposes using the straight-line method over the estimated useful lives of the assets, which range from 5 years to 35 years for buildings and improvements, and from 3 years to 10 years for other fixed assets. Property, plant and equipment are periodically reviewed for indicators of impairment. If any such indicators were noted, the Company would assess the appropriateness of the assets' carrying value and record any impairment at that time.

Depreciation expense was approximately $501,000 for 2021 and $453,000 for 2020.

Intangible Assets

Intangible assets are recorded at cost less accumulated amortization. Amortization is computed for financial reporting purposes using the straight-line method over the estimated useful lives of the assets, which range up to 10 years. The intangible assets consist of intellectual property and goodwill. The net carrying value of the amortizable intangible assets was $212,000 and $287,000 as of December 31, 2021 and 2020, respectively. Goodwill, which is not amortizable, was $40,000 as of both December 31, 2021 and 2020.

The estimated aggregate amortization expense for intangible assets, excluding goodwill, for each of the remaining years of the estimated useful life is as follows (in thousands):

2022	$	75
2023		75
2024		26
2025		22
2026		14
Total	$	212

Warranties

The Company offers a standard one-year warranty. The Company tests its products prior to shipment in order to ensure that they meet each customer's requirements based upon specifications received from each customer at the time its order is received and accepted. The Company's customers may request to return products for various reasons, including, but not limited to, the customers' belief that the products are not performing to specification. The Company's return policy states that it will accept product returns only with prior authorization and if the product does not meet customer specifications, in which case the product would be replaced or repaired. To accommodate the Company's customers, each request for return is reviewed; and if and when it is approved, a return materials authorization ("RMA") is issued to the customer.

Each month, the Company records a specific warranty reserve for approved RMAs covering products that have not yet been returned. The Company does not maintain a general warranty reserve because, historically, valid warranty returns resulting from a product not meeting specifications or being non-functional have been de minimis. As of December 31, 2021 and 2020, accrued warranty reserve was $80,000 and $21,000, respectively.

Revenue Recognition

The Company recognizes revenue from the sale of its products in accordance with the criteria in Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*, which are:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company meets these conditions upon the Company’s satisfaction of the performance obligation, usually at the time of shipment to the customer, because control passes to the customer at that time. Our standard payment terms for customers are net due within 30 days, with a few exceptions, none regularly exceeding 60 days.

The Company provides disaggregated revenue details by segment in Note P – Segment Information and geographic markets in Note Q – Domestic and Foreign Revenues.

The Company offers a limited right of return and/or authorized price protection provisions in its agreements with certain electronic component distributors who resell the Company's products to original equipment manufacturers or electronic manufacturing services companies. As a result, the Company estimates and records a reserve for future returns and other charges against revenue at the time of shipment consistent with the terms of sale. The reserve is estimated based on historical experience with each respective distributor. These reserves and charges are immaterial as the Company does not have a history of significant price protection adjustments or returns. The Company provides a standard assurance warranty that does not create a performance obligation.

Practical Expedients:

- The Company applies the practical expedient for shipping and handling as fulfillment costs.
- The Company expenses sales commissions as sales and marketing expenses in the period they are incurred.

Shipping Costs

Amounts billed to customers related to shipping and handling are classified as revenue, and the Company's shipping and handling costs are included in manufacturing cost of sales.

Research and Development Costs

Research and development costs are charged to operations as incurred. Such costs were approximately $2,212,000 and $2,142,000 in 2021 and 2020, respectively, and are included within engineering, selling and administrative expenses.

Stock-Based Compensation

The Company measures the cost of employee services in exchange for an award of equity instruments based on the grant-date fair value of the award and recognizes the cost over the requisite service period, typically the vesting period.

The Company estimates the fair value of stock options on the grant date using the Black-Scholes-Merton option-pricing model. The Black-Scholes-Merton option-pricing model requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. There is no expected dividend rate. Historical Company information was the basis for the expected volatility assumption as the Company believes that the historical volatility over the life of the option is indicative of expected volatility in the future. The risk-free interest rate is based on the U.S. Treasury zero-coupon rates with a remaining term equal to the expected term of the option. The Company records any forfeitures in the period that the shares are forfeited.

Restricted stock awards are measured at the fair value of the Company's common stock on the date of the grant and recognized over the respective service period.

Earnings Per Share

The Company computes earnings per share in accordance with ASC 260, *Earnings Per Share.* Basic earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per share adjusts basic earnings per share for the effects of warrants, stock options and other potentially dilutive financial instruments, only in the periods in which the effects are dilutive.

For both the years ended December 31, 2021 and December 31, 2020, there were warrants to purchase 1,051,664 shares of common stock and options to purchase 25,000 shares of common stock that were excluded from the diluted earnings per share computation because the impact of the assumed exercise of such warrants and stock options would have been anti-dilutive.

	Years Ended December 31,	
	2021	**2020**
Weighted average shares outstanding - basic	5,275,374	5,173,430
Effect of diluted securities	58,713	43,429
Weighted average shares outstanding - diluted	5,334,087	5,216,859

Income Taxes

The Company's deferred income tax assets represent (a) temporary differences between the financial statement carrying amount and the tax basis of existing assets and liabilities that will result in deductible amounts in future years and (b) the tax effects of net operating loss ("NOL") carryforwards and tax credit carryforwards.

The Company periodically undertakes a review of its valuation allowance, and it evaluates all positive and negative factors that may affect whether it is more likely than not that the Company would realize its future tax benefits from its deferred tax balances. Pursuant to ASC 740, *Income Taxes ("ASC 740")*, the Company determined, during the year ended December 31, 2021, that it is more likely than not that substantially all of its U.S. deferred tax assets related to research and development tax credits can be utilized in the foreseeable future and that a previously recorded valuation allowance, amounting to $379,000, be reversed to record deferred tax assets at their expected net realizable value.

We recognize tax benefits related to uncertain tax positions only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities. For those positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. For the year ended December 31, 2021, we recorded unrecognized tax benefits of $458,000.

In the ordinary course of business, we are examined by various federal, state, and foreign tax authorities. We regularly assess the potential outcomes of these examinations and any future examinations for the current or prior years in determining the adequacy of our provision for income taxes. See Note H – Income Taxes, for further information regarding income taxes.

Concentration Risks

In 2021, the Company's largest customer, a commercial aerospace and defense company, accounted for $7,870,000, or 28.0%, of the Company's total revenues, compared to $7,810,000, or 25.1%, of the Company's total revenues in 2020. The Company's second largest customer, a defense contractor, accounted for $3,138,000, or 11.2%, of the Company's total revenues, compared to $5,550,000, or 17.8%, of the Company's total revenues in 2020.

A significant portion of the Company's accounts receivable is concentrated with a relatively small number of customers. As of December 31, 2021, four of the Company's largest customers accounted for approximately $2,595,000, or 53.2%, of accounts receivable. As of December 31, 2020, four of the Company's largest customers accounted for approximately $2,301,000, or 53.4%, of accounts receivable. The Company carefully evaluates the creditworthiness of its customers in deciding to extend credit and utilizes letters of credit to further limit credit risk for export sales. As a result of these policies, the Company has experienced very low historical bad debt expense and believes the related risk to be minimal.

At various times throughout the year and at December 31, 2021 and 2020, some deposits held at financial institutions were in excess of federally insured limits. The Company has not experienced any losses related to these balances.

Segment Information

The Company reports segment information in accordance with ASC 280, *Segment Information* ("ASC 280"). ASC 280 requires companies to report financial and descriptive information for each identified operating segment based on management's internal organizational decision-making structure. Management has identified the Company's two segments as electronic components and electronic instruments.

Impairments of Long-Lived Assets

Long-lived assets, including intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Long-lived assets are grouped with other assets to the lowest level to which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. Management assesses the recoverability of the carrying cost of the assets based on a review of projected undiscounted cash flows. If an asset is held for sale, management reviews its estimated fair value less cost to sell. Fair value is determined using pertinent market information, including appraisals or broker's estimates, and/or projected discounted cash flows. In the event an impairment loss is identified, it is recognized based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset.

We performed an assessment to determine if there were any indicators of impairment as a result of the operating conditions resulting from the coronavirus ("COVID-19") pandemic at the end of each 2021 fiscal quarter, including at December 31, 2021. We concluded that, while there were events and circumstances in the macro-environment that did impact us, we did not experience any entity-specific indicators of asset impairment and no triggering events occurred.

Financial Instruments

Cash and cash equivalents, trade accounts receivable, trade accounts payable and accrued expenses are carried at cost which approximates fair value due to the short-term maturity of these instruments.

Derivatives are carried at fair value and included in marketable securities in the consolidated balance sheet. Changes in fair value since acquisition are reported as realized and unrealized (loss) gain in the consolidated statement of operations.

Foreign Currency Translation

The assets and liabilities of international operations are remeasured at the exchange rates in effect at the balance sheet date for monetary assets and liabilities and at historical rates for nonmonetary assets and liabilities, with the related remeasurement gains or losses reported within the consolidated statement of operations. The results of international operations are remeasured at the monthly average exchange rates. The Company's foreign subsidiaries and respective operations' functional currency is the U.S. dollar. The Company has determined this based upon the majority of transactions with customers as well as intercompany transactions and parental support being based in U.S. dollars. The Company has recognized a remeasurement gain (loss) of $11,000 and ($95,000) in 2021 and 2020, respectively, which is included within other income, net in the consolidated statements of operations.

Recently Issued Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, "*Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments (ASU 2016-13*)," which changes the impairment model for most financial assets. The standard replaces the incurred loss model with the current expected credit loss ("CECL") model to estimate credit losses for financial assets. The provisions of the standard are effective for the Company on January 1, 2023; early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its financial statements.

C. Equity Investment in Unconsolidated Subsidiary

In November 2019, the Company made its initial investment of $3.35 million in the Sponsor of the SPAC and subscribed to an additional investment of $2.725 million in March 2021. The incremental investment was part of the Sponsor syndication to participate in a private placement ("PIPE") in connection with the IronNet Business Combination.

On September 14, 2021, as a result of its Sponsor investment, the Company received 1,572,529 shares of IRNT common stock and 2,065,000 IRNT private warrants exchangeable into shares of IRNT common stock, representing an aggregate fair value of $65.3 million. While LGL continues to hold an interest in the Sponsor, it is immaterial. See Note D - Marketable Securities for the basis of determining the fair value of the securities received.

For the years ended December 31, 2021 and 2020, the Company recognized a gain (loss) on equity investment in unconsolidated subsidiary of $59,453,000 and ($262,000), respectively, for its share of the Sponsor's gains and losses through the September 14, 2021 distribution of IRNT common stock and private warrants. The Company has recognized a cumulative gain of $59,175,000 on its investment in the unconsolidated Sponsor through December 31, 2021.

Subsequent to the September 14, 2021 Sponsor distribution, the Company's IRNT securities held have been classified as marketable securities, under ASC 321, *Investments – Equity Securities* ("ASC 321"), with the change in fair value of period end holdings reported as an unrealized gain or loss.

On April 12, 2021, the SEC's Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies (the "Staff Statement") was released. The SPAC evaluated the applicability and impact of the Staff Statement on its historical financial statements that have been filed with the SEC and determined that restatement was required. In the first quarter of 2021, the SPAC changed its accounting treatment for both its public and private warrants outstanding using liability classification instead of equity classification resulting in a mark to market warrant liability adjustment for each reporting period since issuance in 2019. Prior to the IronNet Business Combination, the Company reported its investment in the Sponsor under the equity method of accounting using hypothetical liquidation book value ("HLBV"). The SPAC's mark to market accounting adjustments for the warrant liability did not change the Company's HLBV due to the warrants requiring no cash settlement as of December 31, 2020 under a hypothetical liquidation; therefore, the SPAC's restatement did not impact the Company's carrying amount of its equity investment in the Sponsor.

D. Marketable Securities

The Company accounts for equity securities under ASC 321. Such securities are reported at fair value on the consolidated balance sheets, and the related unrealized gains and losses are reported in the consolidated statements of cash flows as non-cash adjustments to income. Any unrealized appreciation or depreciation on investment securities is reported in the consolidated statements of operations as an unrealized gain or loss on marketable securities. During the years ended December 31, 2021 and 2020, realized (loss) gain on marketable securities was ($16,962,000) and $74,000, respectively. Unrealized (loss) gain on marketable securities was ($22,949,000) and $139,000, respectively, for the years ended December 31, 2021 and 2020, respectively.

Details of marketable securities held at December 31, 2021 and 2020 are as follows (in thousands):

	Fair Value	Basis	Cumulative Unrealized (Loss) Gain
IronNet:		December 31, 2021	
1,250,000 common shares - restricted	$ 4,734	$ 26,501	$ (21,767)
88,620 common shares - unrestricted	372	2,195	(1,823)
Put options	1,245	489	756
	6,351	29,185	(22,834)
Equity fund and other securities	9,816	9,808	8
	$ 16,167	$ 38,993	$ (22,826)
		December 31, 2020	
Equity fund and other securities	5,791	5,668	123
	$ 5,791	$ 5,668	$ 123

The IRNT common stock was received by the Company as a result of the previously discussed Sponsor distribution. The fair value of these shares determined at the date of distribution represents the basis of these securities.

As a result of the IronNet Business Combination and LGL's investment in the Sponsor, LGL was distributed 2,065,000 IRNT private warrants and 1,572,529 shares of common stock on September 14, 2021. Of these shares of common stock, 1,300,000 shares are restricted from sale for at least six months from the date of closing and subject to the applicable shareholder lock-up agreements. In an effort to continue its stakeholder responsibilities in the context of global corporate citizenship, the Company made a charitable gift on September 28, 2021 of 50,000 shares of IRNT common stock recognizing the fair value of $1,318,000 as an administrative expense at the date of donation. The fair value of the remaining 1,250,000 shares of IRNT restricted common stock outstanding was determined by applying a discount for lack of marketability to the publicly quoted market price of IRNT common stock. The 272,529 shares of PIPE-related common stock and 2,065,000 private warrants were subject to trading restrictions upon distribution until the registration statement became effective on September 30, 2021. A Monte Carlo simulation model was used to estimate the market price of IRNT private warrants.

On October 1, 2021, the Company exercised its 2,065,000 IRNT private warrants on a cashless basis and received 1,271,406 shares of IRNT common stock upon such exercise. The basis of the private warrants was carried over to the IRNT common shares received upon exercise of such warrants. As of December 31, 2021, the Company sold 1,455,315 shares of IRNT common stock and closed certain related derivative positions resulting in approximately $18,548,000 of pre-tax proceeds. At December 31, 2021, the Company held 88,620 shares of unrestricted IRNT common stock and 1,250,000 shares of IRNT common stock that are restricted from sale for at least six months from the date of the IronNet Business Combination.

The Company has executed derivatives transactions as part of its plan to minimize the economic risk of IRNT share price volatility to its IRNT holdings. At December 31, 2021, the Company reported an unrealized gain of $756,000 related to put options for 300,000 shares of IRNT common stock with a second quarter 2022 expiration date.

E. Related Party Transactions

Certain balances held and invested in various mutual funds are managed by a related entity (the "Fund Manager"). Marc Gabelli, the Company’s non-executive Chairman of the Board, who is also a greater than 10% stockholder, currently serves as an executive officer of the Fund Manager. The brokerage and fund transactions in 2021 and 2020 were directed solely at the discretion of the Company’s management.

As of December 31, 2021, the balance with the Fund Manager totaled $15,595,000, including $5,823,000 which is classified within cash and cash equivalents on the accompanying consolidated balance sheets, and $9,772,000 which is classified as marketable securities on the accompanying consolidated balance sheets. Amounts invested generated $301,000 of realized and unrealized investment income during 2021.

As of December 31, 2020, the balance with the Fund Manager totaled $19,063,000, including $13,283,000 which is classified within cash and cash equivalents on the accompanying consolidated balance sheets, and $5,780,000 which is classified as marketable securities on the accompanying consolidated balance sheets. Amounts invested generated $213,000 of realized and unrealized investment income during 2020.

Fund management fees earned by the Fund Manager are anticipated to be approximately 0.50% of the asset balances under management on an annual basis.

Members of our board of directors (the “Board”), including Marc Gabelli, John Mega, Timothy Foufas, Manjit Kalha and Michael Ferrantino, and members of our management, Patrick Huvane and Michael Ferrantino, are members of the Sponsor. Robert LaPenta was a member of our Board until his resignation on September 27, 2021, as he joined IronNet as a board member upon the IRNT Business Combination. Robert LaPenta remains a passive member of the SPAC Sponsor. All except Mr. Kalha also served in various capacities of the SPAC but have all since resigned from the SPAC. Prior to resignation, John Mega was President of the SPAC; Timothy Foufas was Chief Operating Officer of the SPAC; Robert LaPenta was Co-Chief Executive Officer and Chief Financial Officer of the SPAC; Mr. Gabelli was the Chairman and Co-Chief Executive Officer of the SPAC, Michael Ferrantino was a SPAC board member and Patrick Huvane was a SPAC officer. Mr. Foufas, Mr. Huvane and Mr. Gabelli are managing members of the Sponsor. Mr. Huvane became a managing member on September 27, 2021.

F. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value guidance identifies three primary valuation techniques: the market approach, the income approach and the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The maximization of observable inputs and the minimization of the use of unobservable inputs are required.

Classification within the fair value hierarchy is based upon the objectivity of the inputs that are significant to the valuation of an asset or liability as of the measurement date. The three levels within the fair value hierarchy are characterized as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Unobservable inputs for the asset or liability for which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the Company's own assumptions about what market participants would use to price the asset or liability. These inputs may include internally developed pricing models, discounted cash flow methodologies as well as instruments for which the fair value determination requires significant management judgment.

Assets

To estimate the fair value of its cash and cash equivalents and marketable securities, the Company obtains current market pricing from quoted market sources or uses pricing for identical securities adjusted for liquidity, when applicable. Assets measured at fair value on a recurring basis are summarized below (in thousands).

(in thousands)	Level 1	Level 2	Level 3	Total December 31, 2021
Equity Security	$ 416	$ 4,734	$ —	$ 5,150
Equity Mutual Fund	$ —	$ 9,523	$ —	$ 9,523
Commodity Mutual Fund	$ —	$ 249	$ —	$ 249
Derivative Contract Asset	$ 1,245	$ —	$ —	$ 1,245
U.S. Treasury Mutual Funds	$ 12,889	$ —	$ —	$ 12,889

(in thousands)	Level 1	Level 2	Level 3	Total December 31, 2020
Equity Security	$ 11	$ —	$ —	$ 11
Equity Mutual Fund	$ —	$ 5,780	$ —	$ 5,780
U.S. Treasury Mutual Fund	$ 13,282	$ —	$ —	$ 13,282

The Company has other assets that may be subject to measurement at fair value on a non-recurring basis including goodwill and intangible assets and other long-lived assets. The Company reviews goodwill annually and the carrying value of long-lived assets whenever events and circumstances indicate that the carrying amounts of the assets may not be recoverable. If it is determined that the assets are impaired, the carrying value would be reduced to estimated recoverable value. There were no liabilities subject to fair value on a non-recurring or recurring basis as of December 31, 2021 or 2020. The Company's Common Stock Warrants (as defined below) were measured at fair value as disclosed in Note K - Stockholders' Equity.

As of December 31, 2021 and 2020, the Company had investments in four and two mutual funds, respectively. The Equity Mutual Fund was invested in the Gabelli ABC Fund and the Commodity Mutual Fund was invested in the Gabelli Gold Fund. The U.S. Treasury Mutual Funds, included in cash and cash equivalents, were invested in the Gabelli US Treasury Money Market Fund and the BlackRock Liquidity Treasury Trust Money Market Fund at December 31, 2021 and the Gabelli US Treasury Money Market Fund at December 31, 2020.

The Company utilizes a Level 2 category fair value measurement to value its investment in certain IronNet common stock holdings. Although IronNet common stock has a quoted price in active markets, a portion of it related to our 1,250,000 shares of restricted IRNT common stock is classified as a Level 2 asset as there is a discount associated with its lack of marketability.

The 2,065,000 IronNet private warrants received as part of the Sponsor's distribution on September 14, 2021 were classified as Level 3 assets since the warrants were valued using a Monte Carlo fair value pricing model which included assumptions regarding the duration and expected volatility of the warrants. On October 1, 2021, the Company exercised the warrants and converted them to unrestricted shares of IRNT common stock. The remaining 88,620 unrestricted shares held at December 31, 2021 were classified as Level 1 assets.

G. Inventories

The Company reduces the value of its inventories to net realizable value when the net realizable value is believed to be less than the cost of the item. The inventory reserve for excess and obsolescence inventory as of December 31, 2021 and 2020 was $1,428,000 and $1,219,000, respectively. The components of inventory as of December 31, 2021 and 2020 are summarized below:

	December 31,	
	2021	2020
	(in thousands)	
Raw materials	$ 2,314	$ 2,080
Work in process	2,196	2,467
Finished goods	982	733
Total Inventories, net	$ 5,492	$ 5,280

H. Income Taxes

The Company periodically undertakes a review of its valuation allowance and evaluates all positive and negative factors that may affect whether it is more likely than not that the Company would realize its future tax benefits from its deferred tax balances. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become realizable.

During 2021, the Company released its valuation allowance over a portion of its deferred tax assets as the deferred tax assets became more likely than not to be realized.

Income tax provision (benefit) for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
	(in thousands)	
Current:		
Federal	$ 860	$ —
State and local	116	31
Foreign	—	50
Total Current	976	81
Deferred:		
Federal	3,188	238
State and local	332	(6)
Foreign	1	32
Total before change in valuation allowance	3,521	264
Change in valuation allowance	(379)	(9)
Net deferred	3,142	255
Income tax provision	$ 4,118	$ 336

A reconciliation of the provision (benefit) for income taxes and the amount computed by applying the statutory federal income tax rate to income before income taxes is detailed below:

	2021	2020
	(in thousands)	
Tax provision at expected statutory rate	$ 3,939	$ 274
State taxes, net of federal benefit	448	31
Permanent differences	(271)	45
Tax credits	(116)	(125)
Tax credit expiration	—	132
Foreign tax expense, and other	(7)	1
Change in rate	—	(38)
Change in valuation allowance	(379)	(9)
Change in uncertain tax positions	458	—
Provision to return	13	15
Other	33	10
Provision for income taxes	$ 4,118	$ 336
Effective tax rate	22.0%	25.8%

Deferred income taxes for 2021 and 2020 were provided for the temporary differences between the financial reporting basis and the income tax basis of the Company's assets and liabilities. Tax effects of temporary differences and carryforwards at December 31, 2021 and 2020 were as follows:

	December 31, 2021		December 31, 2020	
	Deferred Tax		Deferred Tax	
	Asset	Liability	Asset	Liability
	(in thousands)			
Inventory reserve	$ 345	$ —	$ 286	$ —
Fixed assets	—	44	—	58
Other reserves and accruals	262	—	338	—
Unrealized gains on marketable securities	—	1,024	—	27
Stock-based compensation	2	—	8	—
Other	—	6	—	12
Tax credit carryforwards	318	—	1,717	—
Federal tax loss carryforwards	—	—	892	—
State tax loss carryforwards	23	—	252	—
Foreign tax loss carryforwards	34	—	35	—
Total deferred income taxes	984	$ 1,074	3,528	$ 97
Valuation allowance	—		(379)	
Net deferred tax (liabilities) assets	$ (90)		$ 3,052	

Deferred tax liability totaled $90,000 at December 31, 2021 which includes the tax effect of state and foreign NOL carryforwards. We recognize federal, state and foreign NOL carryforwards and our federal tax credits as deferred tax assets, subject to any required valuation allowance.

Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of a global business, there are many transactions for which the ultimate tax outcome is uncertain. We review our tax contingencies on a regular basis and make appropriate accruals as necessary.

As of December 31, 2021, our unrecognized tax benefits totaled $458,000, and are included within other liabilities in our consolidated balance sheet. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2021 (in thousands)
Balance at January 1	$ —
Additions for tax positions of prior years	429
Additions based on tax positions related to the current year	29
Balance at December 31	$ 458

The Company will recognize any interest and penalties related to unrecognized tax positions in income tax expense. Net adjustments to accruals for interest and penalties associated with uncertain tax positions was immaterial for 2021. Our total accrued interest and penalties associated with uncertain tax positions were immaterial as of December 31, 2021. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is $458,000. We do not expect a significant change to the amount of unrecognized tax benefits over the next 12 months. We believe that the taxes accrued in our consolidated balance sheet fairly represent the amount of income taxes to be settled or realized in the future.

The Company files income tax returns in the U.S. federal, various state, Hong Kong and India jurisdictions. The statute of limitations for assessment by the Internal Revenue Service ("IRS") and state tax authorities is open for tax returns for years ended December 31, 2018, 2019 and 2020; although carryforward attributes that were generated prior to tax year 2018, including NOL carryforwards and tax credits, may still be adjusted upon examination by the IRS or state tax authorities, if they either have been or will be used in a future period. The Company is generally subject to examinations by foreign tax authorities from 2016 to the present.

I. Revolving Credit Agreement

On May 12, 2020, MtronPTI and PTI (collectively, the “Borrowers”), both operating subsidiaries of the Company, entered into a loan agreement for a revolving line of credit with Synovus Bank, an unaffiliated entity, as the lender (“Lender”), for up to $3,500,000 (the “Loan Agreement”), such amount to be used for working capital and general operations. The Loan Agreement is evidenced by a promissory note dated May 12, 2020 that matures on May 12, 2022 (the “Note”) and a corresponding security agreement (the “Security Agreement”). The Note bears interest at the London Inter-bank Offered Rate (“LIBOR”) 30-day rate plus 2.50% with a floor of 0.50%. Upon discontinuance or lack of availability of the LIBOR rate, Lender is required to determine a comparable equivalent replacement rate. Accrued interest-only payments are due on a monthly basis until the maturity date. The Borrowers may prepay all or any portion of the loans under the Loan Agreement at any time, without fee, premium or penalty. The Loan Agreement also includes a clean-up provision whereby, during each 12-month period, the outstanding balance must remain at zero for 30 consecutive days. In accordance with the Security Agreement, all property of the Borrowers, both tangible and intangible, will serve as security for borrowings under the Loan Agreement. At December 31, 2021 and 2020, the Company had no outstanding borrowings under its revolving line of credit with Synovus Bank.

The Loan Agreement contains various affirmative and negative covenants that are customary for lines of credit and transactions of this type which the Company is in compliance with, including limitations on the incurrence of debt and liabilities by the Borrowers, as well as financial reporting requirements. The Loan Agreement also imposes certain financial covenants based on Debt Service Coverage Ratio and the Ratio of Total Liabilities to Total Net Worth (as such terms are defined in the Loan Agreement). In the event of default, the Lender has the right to terminate its commitment to make loans pursuant to the Loan Agreement and to accelerate the payment on any unpaid principal amount of all outstanding loans and interest thereon.

J. Leases

The Company leases certain manufacturing and office space and equipment. We determine if an arrangement is a lease at inception. A contract is or contains a lease if the contract conveys the right to control the use of identified property, plant or equipment (an identified asset) for a period of time in exchange for consideration. Amounts associated with operating leases, which are not short-term, are included in right-of-use lease assets. Current lease liabilities are included in other accrued expenses and long-term lease liabilities are included in other liabilities in our consolidated balance sheets. Right-of-use lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. We use our incremental borrowing rate at the lease commencement date in determining the present value of lease payments. Short-term leases, leases with an initial term of 12 months or less, are not recorded in the consolidated balance sheets; we recognize lease expense for these short-term leases on a straight-line basis over the lease term.

The Company leases certain property and equipment under operating leases with terms that range from one to five years. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. During the year ended December 31, 2021, we renewed our lease on our facility in Hong Kong, resulting in the addition of $80,000 in right-of-use lease assets in exchange for operating lease liabilities.

Total operating lease costs amounted to $541,000 and $611,000 for the years ended December 31, 2021 and 2020, respectively.

At December 31, 2021 and 2020, our total lease obligation was $396,000 and $422,000, respectively, of which the current portion of $135,000 and $129,000, respectively, was included in other accrued expenses on the consolidated balance sheet. The weighted average discount rate for both years ended December 31, 2021 and 2020 was 4.2%. At December 31, 2021 and 2020, the weighted average remaining lease term was 3 years and 4 years, respectively.

Future minimum lease payment obligations under operating leases are as follows (in thousands):

	2021
2022	138
2023	138
2024	138
2025	11
Total lease payments	425
Less: interest	(29)
Total lease payments	$ 396

K. Stockholders' Equity

Shares Authorized

On December 28, 2021, the Company’s stockholders approved an amendment to the Company’s certificate of incorporation to increase the number of authorized shares of our common stock to 30,000,000. Previously, the Company was authorized to issue 10,000,000 shares of common stock. The Company’s certificate of incorporation was amended and restated to effect this change. The number of authorized shares of common stock was increased to support the Company’s growth and provide flexibility for future corporate needs including financing, potential strategic transactions (mergers, acquisitions and business combinations) and grants under equity compensations plans.

Common Stock Warrant Dividend

On October 27, 2020, the Board declared a dividend of warrants to purchase shares of the Company’s common stock (the “Common Stock Warrants”). Pursuant to the warrant agreement, each holder of the Company’s common stock received one warrant for each share of common stock owned; five warrants will entitle their holder to purchase one share of the Company’s common stock at an exercise price of $12.50. The warrants are exercisable on the earlier of their expiration date, November 16, 2025, or such date that the 30-day volume weighted average price per share of the Company’s common stock is greater than or equal to $17.50. The Company distributed 5,258,320 Common Stock Warrants on November 16, 2020 to holders of record of outstanding shares of the Company’s common stock as of the close of business on November 9, 2020. The Common Stock Warrants are listed on the NYSE and trade under the symbol "LGL WS."

The Common Stock Warrants were measured at fair value determined to be $3.6 million on the declaration date using a Monte Carlo simulation model. Due to the Company's accumulated deficit, this dividend of warrants was recorded against additional paid-in capital instead of retained earnings resulting in no financial statement impact. The following level 2 inputs were used in the Monte Carlo simulation model: the expected life of the Common Stock Warrants, a volatility factor and the exercise price. The expected life of 5 years was based on the estimated term of the Common Stock Warrants, the volatility factor of 46.5% was based on historical volatilities of the Company's common stock and the exercise price of $12.50 per share of the Company's common stock was based on the terms of the warrant agreement.

1,051,664 shares of common stock were registered with the Securities and Exchange Commission (the "SEC") pursuant to a registration statement on Form S-1 in connection with the Common Stock Warrants. The Company did not receive any proceeds from the distribution of the warrants. Assuming that all the warrants are exercised, the net proceeds from the exercise of the warrants and issuance of the shares of common stock will be approximately $13.0 million. The Company incurred $202,000 of costs in connection with the registration of the shares of common stock and the related Common Stock Warrants which were recorded against additional paid-in capital.

ATM Offering

On January 22, 2020, the Company entered into an Open Market Sales Agreement (the "Sales Agreement") with Jefferies LLC, as sales agent ("Jefferies"), pursuant to which the Company may offer and sell, from time to time, in what is deemed to be an "at the market offering" ("ATM Offering") through Jefferies, shares of the Company's common stock having an aggregate offering price of up to $15,000,000. Shares sold under the Sales Agreement are issued pursuant to the shelf registration statement on Form S-3 (File No. 333-235767), filed by the Company with the SEC on December 31, 2019, which was declared effective on January 8, 2020. The Company filed a prospectus supplement with the SEC on January 23, 2020 in connection with the offer and sale of the shares pursuant to the Sales Agreement. During February and March of 2020, 263,725 shares were sold under the Sales Agreement, at an average price per share of $13.65, generating net proceeds of approximately $3,492,000 after brokerage charges of $108,000 were deducted and paid to Jefferies. Form S-3 and at-the-market registration costs were approximately $238,000 and were charged to additional paid-in capital. The Sales Agreement and ATM Offering remain in effect in accordance with their terms.

Share Repurchase Program

On August 29, 2011, the Board authorized the Company to repurchase up to 100,000 shares of its common stock in accordance with applicable securities laws. This authorization increased the total number of shares authorized and available for repurchase under the Company's existing share repurchase program to 540,000 shares, at such times, amounts and prices as the Company shall deem appropriate. No shares were repurchased by the Company in 2021 or 2020. As of December 31, 2021, the Company had repurchased a total of 81,584 shares of common stock at a cost of $580,000, which shares are currently held in treasury.

L. Stock-Based Compensation

On December 28, 2021, the Company's stockholders approved the 2021 Incentive Plan (the "Plan"), including the authority to issue 1,000,000 shares of common stock. This Plan is the only long-term plan under which equity compensation may be awarded to employees, advisors and members of the Board aligning their interest with those of stockholders. A new plan was implemented rather than amending the Company's prior plan, the Amended and Restated 2011 Incentive Plan, to address certain tax law changes. At December 31, 2021, 946,511 shares remained available for future issuance under the Plan.

Restricted stock awards are measured at a value equal to the market price of the Company's common stock on the date of grant which is recognized over the service period of the shares. Option awards are generally granted with an exercise price either at or 10% above the market price of the Company's common stock at the date of grant; those option awards generally have 5-year contractual terms and generally vest over three years. Total stock-based compensation expense for the years ended December 31, 2021 and 2020 was $413,000 and $790,000, respectively.

Restricted Stock Awards

A summary of the Company's restricted stock awards for the year ended December 31, 2021 follows:

	Number of Shares		Weighted Average Grant Date Fair Value		Aggregate Grant Date Fair value (in thousands)
Balance at December 31, 2020	55,762	$	9.42	$	525
Granted	53,489		11.84	$	633
Vested	(26,718)		11.76		(314)
Forfeited	(26,250)		9.01		(237)
Balance at December 31, 2021	56,283	$	10.80	$	608

As of December 31, 2021, there was $435,000 of total unrecognized compensation cost related to nonvested shares granted. The cost is expected to be recognized over a weighted-average period of one year. Total fair value of shares vested during the years ended December 31, 2021 and 2020 was $314,000 and $640,000, respectively.

During the year ended December 31, 2021, the Company issued 53,489 restricted stock awards with a grant date fair value of $11.84 per share. Certain of these shares vested immediately (23,489); the remaining 30,000 will vest during the next 1.25 years.

Stock Options

The following table summarizes information about stock options outstanding and exercisable at December 31, 2021:

	Number of Shares Outstanding		Weighted Average Exercise Price		Weighted Average Grant Date Fair Value	Weighted Average Remaining Term (in years)		Aggregate Intrinsic Value (in thousands)
Option Balances at December 31, 2020	58,050	$	8.56	$	2.37	2.5	$	236
Options Granted	-		-		-	-		-
Options Exercised	(33,050)		5.41		1.12	-		-
Options Forfeited	-		-		-	-		-
Option Balances at December 31, 2021	25,000	$	12.72	$	4.02	2.8		-
Options Exercisable at December 31, 2021	15,000	$	12.72	$	4.02	2.8		-

There were no options granted during 2021 or 2020. As of December 31, 2021, there was approximately $28,000 of total unrecognized compensation expense related to unvested share-based compensation arrangements for stock options, which will be recognized over the weighted average remaining term of approximately one year.

M. Employee Benefit Plan

The Company offers a defined contribution plan for eligible employees in which the Company makes discretionary contributions up to 50% of the first 6% of eligible compensation contributed by participants. The Company contributed approximately $113,000 and $119,000 in discretionary contributions during 2021 and 2020, respectively. Participants vest in employer contributions starting after their second year of service at 20% increments, vesting 100% in year six.

N. Payroll Protection Program

On April 15, 2020, PTI, MtronPTI and PTF, all operating subsidiaries of the Company, entered into loans with City National Bank of Florida, a national banking association, as the lender, in an aggregate principal amount of $1,907,500 pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act. On May 14, 2020, the Company returned all amounts pursuant to such loans and such loans were thereby terminated.

O. Contingencies

In the normal course of business, the Company and its subsidiaries may become defendants in certain product liability, patent infringement, worker claims and other litigation. The Company records a liability when it is probable that a loss has been incurred and the amount is reasonably estimable. The Company is not involved in any legal proceedings other than routine litigation arising in the normal course of business, none of which the Company believes will have a material adverse effect on the Company's business, financial condition or results of operations.

P. Segment Information

The Company has identified two reportable business segments from operations: electronic components, which includes all products manufactured and sold by MtronPTI, and electronic instruments, which includes all products manufactured and sold by PTF. The Company's foreign operations in Hong Kong and India fall under MtronPTI.

Operating income is equal to revenues less cost of sales and operating expenses, excluding investment (loss) income, interest expense, gain (loss) on equity investment and income taxes. Identifiable assets of the segment are those used in its operations and exclude general corporate assets. General corporate assets are principally cash and cash equivalents, short-term investments, tax assets and certain other investments and receivables.

Business segment information for the years ended December 31, 2021 and 2020 follows:

	Years Ended December 31, 2021	2020
	(in thousands)	
Revenues from Operations		
Electronic components	$ 26,694	$ 29,980
Electronic instruments	1,446	1,182
Total consolidated revenues	$ 28,140	$ 31,162
Operating (Loss) Income from Operations		
Electronic components	$ 2,435	$ 2,844
Electronic instruments	107	85
Unallocated corporate expense	(3,328)	(1,514)
Consolidated total operating (loss) income	(786)	1,415
Interest expense, net	(11)	(11)
Gain (loss) on equity investment in unconsolidated subsidiary	59,453	(262)
Realized (loss) income on marketable securities	(16,962)	74
Unrealized (loss) gain on marketable securities	(22,949)	139
Other income (expense), net	11	(51)
Total other income (expense)	19,542	(111)
Income Before Income Taxes	$ 18,756	$ 1,304
Capital Expenditures		
Electronic components	$ 1,099	$ 407
Electronic instruments	—	—
General corporate	—	—
Total capital expenditures	$ 1,099	$ 407
Total Assets		
Electronic components	$ 15,900	$ 15,014
Electronic instruments	1,260	1,106
General corporate	42,746	27,335
Consolidated total assets	$ 59,906	$ 43,455

Q. Domestic and Foreign Revenues

Significant foreign revenues from operations (10% or more of foreign sales) were as follows:

	Years Ended December 31, 2021	2020
	(in thousands)	
Malaysia	$ 2,745	$ 2,842
Hong Kong	682	1,211
Australia	193	974
All other foreign countries	2,424	2,383
Total foreign revenues	$ 6,044	$ 7,410
Total domestic revenues	$ 22,096	$ 23,752

The Company allocates its foreign revenue based on the customer's ship-to location.

R. Spin-Off of MtronPTI

In late 2021, the Company's Board approved progressing with the Spin-Off (as defined below) of MtronPTI, which is currently a wholly-owned subsidiary of the Company. On February 14, 2022, the Company filed a Preliminary Proxy Statement with the SEC indicating its intention to secure stockholder approval of the transaction. If approved by the Company's stockholders, the Spin-Off will separate the business activities and investments of the Company and create two separate, publicly-traded companies: (1) the Company, which will continue to own and operate PTF and hold substantially all the Company's cash and marketable securities, and (2) MtronPTI, which includes the operations of Piezo Technology, Inc. and M-tron Asia, LLC (the "Spin-Off").

The Spin-Off, if approved by the Company's stockholders, is expected to be effected through a pro rata issuance of shares of MtronPTI's common stock to the Company's stockholders structured as a tax-free distribution. Stockholders of the Company will receive one share of MtronPTI's common stock for each share of the Company's common stock held of record as of the close of business on the record date for the distribution. As a result, the Company's stockholders as of the record date for the Spin-Off will also become the stockholders of MtronPTI after the Spin-Off. The Company will cease to have any ownership interest in MtronPTI following the Spin-Off, but the Company's stockholders will, unless they sell their shares, be the stockholders of both the Company and MtronPTI.

Management believes that, if completed, the potential Spin-Off of MtronPTI would enable shareholders to more clearly evaluate the performance and future potential of each entity on a standalone basis, while allowing each entity to pursue its own distinct business strategy and capital allocation policy. Separating MtronPTI as an independent, publicly owned company positions both MtronPTI and LGL Group to create value for their respective shareholders. The Spin-Off permits each company to tailor its strategic plans and growth opportunities, more efficiently raise and allocate resources, including capital raised through debt or equity offerings, flexibly use its own stock as currency for incentive compensation and potential acquisitions and provide investors a more targeted investment opportunity.

Upon stockholder approval of the Spin-Off transaction, the Company anticipates reporting MtronPTI as a discontinued operation.

S. Subsequent Events

In the first quarter of 2022, the restriction from sale was released on the 1,250,000 IRNT common shares that had previously been subject to a shareholder lock-up agreement. Through February 28, 2022, we delivered 50,000 IRNT shares against our derivative position, for proceeds of $400,000. The Company currently holds 1,288,620 unrestricted IRNT shares and put options covering 250,000 of these shares.