SECURITIES & EXCHANGE COMMISSION EDGAR FILING

BLONDER TONGUE LABORATORIES INC

Form: 10-Q

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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2019.

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 1-14120

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

Delaware	**52-1611421**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Jake Brown Road, Old Bridge, New Jersey	**08857**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(732) 679-4000**

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, par value $.001	**BDR**	**NYSE American**

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

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

Number of shares of common stock, par value $.001, outstanding as of August 6, 2019: 9, 621,716

The Exhibit Index appears on page 21

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BLONDER TONGUE LABORATORIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	(unaudited) June 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash	$ 212	$ 559
Accounts receivable, net of allowance for doubtful accounts of $49 and $53 as of June 30, 2019 and December 31,2018, respectively	3,094	2,654
Inventories, current	8,025	6,172
Prepaid benefit costs	288	288
Deferred loan costs	76	149
Prepaid and other current assets	600	555
Total current assets	12,295	10,377
Inventories, net non-current	-	551
Property, plant and equipment, net	271	2,890
License agreements, net	18	12
Intangible assets, net	1,184	1,269
Goodwill	493	493
Right of use assets, net	3,736	-
Other assets, net	789	9
	$ 18,786	$ 15,601
Liabilities and Stockholders' Equity		
Current liabilities:		
Line of credit	$ -	$ 2,603
Current portion of long-term debt	25	3,075
Current portion of lease liability	728	-
Accounts payable	2,204	1,523
Accrued compensation	451	332
Income taxes payable	11	28
Other accrued expenses	263	702
Total current liabilities	3,682	8,263
Subordinated convertible debt with related parties	-	139
Lease liability, net of current portion	2,960	-
Long-term debt, net of current portion	24	32
Total liabilities	6,666	8,434
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock, $.001 par value; authorized 5,000 shares; no shares outstanding as of June 30, 2019 and December 31, 2018	-	-
Common stock, $.001 par value; authorized 25,000 shares 9,723 and 9,508 shares issued, 9,622 and 9,335 shares outstanding as of June 30, 2019 and December 31, 2018, respectively	9	9
Paid-in capital	28,171	27,910
Accumulated deficit	(14,744)	(19,178)
Accumulated other comprehensive loss	(832)	(832)
Treasury stock, at cost, 101 and 173 shares as of June 30, 2019 and December 31, 2018, respectively	(484)	(742)
Total stockholders' equity	12,120	7,167
	$ 18,786	$ 15,601

See accompanying notes to unaudited condensed consolidated financial statements

BLONDER TONGUE LABORATORIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net sales	$ 5,437	$ 5,277	$ 9,519	$ 10,640
Cost of goods sold	3,432	3,086	6,423	6,226
Gross profit	2,005	2,191	3,096	4,414
Operating expenses:				
Selling	745	608	1,472	1,211
General and administrative	1,327	1,157	2,793	2,033
Research and development	778	643	1,443	1,300
	2,850	2,408	5,708	4,544
Loss from operations	(845)	(217)	(2,612)	(130)
Other Expense - net	(46)	(118)	(129)	(268)
Gain on building sale	-	-	7,175	-
(Loss) earnings before income taxes	(891)	(335)	4,434	(398)
Provision for income taxes	-	-	-	-
Net (loss) earnings	$ (891)	$ (335)	$ 4,434	$ (398)
Basic net (loss) earnings per share	$ (0.09)	$ (0.04)	$ 0.46	$ (0.05)
Diluted net (loss) earnings per share	$ (0.09)	$ (0.04)	$ 0.44	$ (0.05)
Basic weighted averages shares outstanding	9,611	8,905	9,558	8,560
Diluted weighted averages shares outstanding	9,611	8,905	10,065	8,560

See accompanying notes to unaudited condensed consolidated financial statements.

BLONDER TONGUE LABORATORIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(unaudited)

	Common Stock		Paid-in	Accumulated	Accumulated Other Comprehensive	Treasury	
	Shares	Amount	Capital	Deficit	Loss	Stock	Total
Balance at January 1, 2019	9,508	$ 9	$ 27,910	$ (19,178)	$ (832)	$ (742)	$ 7,167
Net earnings	-	-	-	5,325	-	-	5,325
Conversion of subordinated convertible debt	260	-	140	-	-	-	140
Stock-based Compensation	-	-	149	-	-	-	149
Balance at March 31, 2019	9,768	$ 9	$ 28,199	$ (13,853)	$ (832)	$ (742)	$ 12,781
Net loss	-	-	-	(891)	-	-	(891)
Shares issued from treasury stock	(45)	-	(196)	-	-	258	62
Stock-based Compensation	-	-	168	-	-	-	168
Balance at June 30, 2019	9,723	$ 9	$ 28,171	$ (14,744)	$ (832)	$ (484)	$ 12,120
Balance at January 1, 2018	8,465	$ 8	$ 26,920	$ (17,821)	$ (854)	$ (840)	$ 7,413
Net loss	-	-	-	(63)	-	-	(63)
Stock-based Compensation	-	-	84	-	-	-	84
Balance at March 31, 2018	8,465	$ 8	$ 27,004	$ (17,884)	$ (854)	$ (840)	$ 7,434
Net loss	-	-	-	(335)	-	-	(335)
Conversion of subordinated convertible debt	842	1	454	-	-	-	455
Stock-based Compensation	475	-	147	-	-	-	147
Balance at June 30, 2018	9,782	$ 9	$ 27,605	$ (18,219)	$ (854)	$ (840)	$ 7,701

See accompanying notes to unaudited condensed consolidated financial statements.

BLONDER TONGUE LABORATORIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Cash Flows From Operating Activities:		
Net earnings (loss)	$ 4,434	$ (398)
Adjustments to reconcile net earnings (loss) to cash (used in) provided by operating activities:		
Gain on building sale	(7,175)	-
Stock based compensation expense	317	231
Depreciation	91	157
Amortization	101	111
Recovery of bad debt expense	(4)	(50)
Amortization of deferred loan costs	73	72
Non cash interest expense	1	27
Amortization of right of use assets	(48)	-
Equity based directors' fees and other non cash compensation	55	-
Changes in operating assets and liabilities:		
Accounts receivable	(436)	1,004
Inventories	(1,302)	(331)
Prepaid and other current assets	(46)	(167)
Other assets	(780)	2
Income taxes payable	(17)	-
Accounts payable, accrued compensation and other accrued expenses	361	661
Net cash (used in) provided by operating activities	(4,375)	1,319
Cash Flows From Investing Activities:		
Purchases of property and equipment	(57)	(47)
Proceeds on sale of building	9,765	-
Acquisition of licenses	(21)	(5)
Net cash provided by (used in) investing activities	9,687	(52)
Cash Flows From Financing Activities:		
Net repayments of line of credit	(2,603)	(865)
Repayments of long-term debt	(3,063)	(126)
Proceeds from exercise of stock options	7	-
Net cash used in financing activities	(5,659)	(991)
Net (decrease) increase in cash	(347)	276
Cash, beginning of period	559	168
Cash, end of period	$ 212	$ 444
Supplemental Cash Flow Information:		
Cash paid for interest	$ 86	$ 180
Non cash investing and financing activities:		
Capital expenditures financed by notes payable	$ 5	$ 15
Conversion of subordinated convertible debt to common stock	$ 140	$ 455

See accompanying notes to unaudited condensed consolidated financial statements.

Note 1 – Company and Basis of Consolidation

Blonder Tongue Laboratories, Inc. (together with its consolidated subsidiaries, the "**Company**") is a technology-development and manufacturing company that delivers television signal encoding, transcoding, digital transport, and broadband product solutions to the cable markets the Company serves, including the multi-dwelling unit market, the lodging/hospitality market and the institutional market, including hospitals, prisons and schools, primarily throughout the United States and Canada. The consolidated financial statements include the accounts of Blonder Tongue Laboratories, Inc. and its wholly-owned subsidiaries. Significant intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements as of June 30, 2019 and for the three and six months ended June 30, 2019 and 2018 have been prepared in accordance with accounting principles generally accepted in the United States of America ("**GAAP**") for interim financial information and pursuant to the instructions to Form 10-Q and Article 8 of Regulation S-X of the Securities and Exchange Commission ("**SEC**"). The accompanying unaudited condensed consolidated financial statements include all adjustments, consisting primarily of normal recurring adjustments, which the Company considers necessary for a fair presentation of the condensed consolidated financial position, operating results, changes in stockholders' equity and cash flows for the periods presented. The condensed consolidated balance sheet at December 31, 2018 has been derived from audited consolidated financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP for complete financial statements have been condensed or omitted pursuant to SEC rules and regulations. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018 and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the SEC on April 1, 2019. The results of the three and six months ended June 30, 2019 are not necessarily indicative of results to be expected for the year ending December 31, 2019 or for any future interim period.

Note 2 – Summary of Significant Accounting Policies

(a) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's significant estimates include stock-based compensation and reserves related to accounts receivable, inventories and deferred tax assets. Actual results could differ from those estimates.

(In thousands, except per share data)

(b) Earnings (loss) Per Share

Earnings (loss) per share is calculated in accordance with ASC Topic 260 “Earnings Per Share,” which provides for the calculation of “basic” and “diluted” earnings (loss) per share. Basic earnings (loss) per share includes no dilution and is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share reflect, in periods in which they have a dilutive effect, the effect of potential issuances of common shares.

The following table shows the calculation of diluted shares using the treasury stock method:

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Weighted average shares used in computation of basic earnings (loss) per shares	9,611	8,905	9,558	8,560
Total dilutive effect of stock options	-	-	507	-
Weighted average shares used in computation of diluted earnings (loss) per share	9,611	8,905	10,065	8,560

The diluted share base excludes the following potential common shares due to their antidilutive effect:

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Stock options	2,675	824	1,963	1,413
Warrants	100	100	100	100
Convertible debt	-	363	-	363
	2,775	1,287	2,063	1,876

(c) Adoption of Recent Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-07, *Compensation – Stock Compensation (“***Topic 718”***): Improvements to Nonemployee Share-Based Payment Accounting*. The guidance in this ASU expands the scope of ASC Topic 718 to include all share-based payment arrangements related to the acquisition of goods and services from both nonemployees and employees. This amendment will be effective for annual and interim periods beginning after December 31, 2018. The adoption of ASU 2018-07 did not have a material effect on the Company’s financial position, results of operations or financial statement disclosure.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which establishes a new lease accounting model for lessees. The updated guidance requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. In June 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*, which further clarifies how to apply certain aspects of the new lease standard. In July 2018, the FASB issued ASU No. 2018-11, Leases – Targeted Improvements, which provides another transition method that allows entities to apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. This transition method option is in addition to the existing transition method of using a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Topic 842 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, with early adoption permitted. The Company adopted Topic 842 on January 1, 2019, using a transition method option approach as applied to leases existing as of or entered into after the adoption date. Topic 842 provides a number of optional practical expedients and accounting policy elections. The Company elected the package of practical expedients requiring no reassessment of whether any expired or existing contracts are or contain leases, the lease classification of any expired or existing leases, or initial direct costs for any existing leases. Upon adoption of Topic 842, the Company recognized additional right of use assets and corresponding lease liabilities pertaining to its operating leases on its unaudited condensed consolidated balance sheets. The Company recognized approximately $290 of a right of use asset and liability under current operating leases at January 1, 2019. The Company recognized approximately $3,627 of a right of use asset and lease liability in connection with the lease described in Note 10. Operating lease liabilities are based on the net present value of the remaining lease payments over the lease term. In determining the present value of lease payment, the Company used its incremental borrowing rate based on the information available at the date of adoption of Topic 842. As of June 30, 2019, the weighted average remaining lease term is 4.58 years and the weighted average discount rate used to determine the operating lease liabilities was 6.5%. The adoption of the new standard did not have a significant impact on the Company’s results of operations and cash flows.

(d) Accounting Pronouncements Issued But Not Yet Effective

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other* ("**Topic 350**") *Simplifying the Test for Goodwill Impairment*. This standard simplifies the accounting for goodwill impairment. The guidance removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. Goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The revised guidance will be applied prospectively and is effective for calendar year-end SEC filers for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the effect this new standard will have on its financial position, results of operations or financial statement disclosure.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses* **("Topic 326"**). ASU 2016-13 changes the impairment model for most financial assets and will require the use of an expected loss model in place of the currently used incurred loss method. Under this model, entities will be required to estimate the lifetime expected credit loss on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The update to the standard is effective for interim and annual periods beginning after December 15, 2019. The Company is currently evaluating the effect this new standard will have on its financial position, results of operations or financial statement disclosure.

(In thousands, except per share data)

Note 3 – Revenue Recognition

The Company recognizes revenue when it satisfies a performance obligation by transferring the product or service to the customer, typically at a point in time.

Disaggregation of Revenue

The following table presents the Company's disaggregated revenues by revenue source:

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Digital video headend products	$ 2,244	$ 2,542	$ 4,190	$ 5,085
Set top boxes	1,002	-	1,193	-
Data products	565	1,055	1,105	2,454
HFC distribution products	581	761	1,227	1,502
Analog video headend products	409	493	883	823
NeXgen	362	-	444	-
Contract manufactured products	46	155	74	379
Other	228	271	403	397
	$ 5,437	$ 5,277	$ 9,519	$ 10,640

All of the Company's sales are to customers located primarily throughout the United States and Canada.

The Company is a technology-development and manufacturing company that delivers a wide range of products and services to the cable entertainment and media industry. Digital video headend products (including encoders) are used by a system operator for acquisition, processing, compression, encoding and management of digital video. Data products give service providers, integrators, and premises owners a means to deliver data, video, and voice-over-coaxial in locations such as hospitality, MDU's, and college campuses, using IP technology. HFC distribution products are used to transport signals from the headend to their ultimate destination in a home, apartment unit, hotel room, office or other terminal location along a fiber optic, coax or HFC distribution network. Analog video headend products are used by a system operator for signal acquisition, processing and manipulation to create an analog channel lineup for further transmission. Contract-manufactured products provides manufacturing, research and development and product support services for other companies' products. Set top boxes are used by cable operators to provide video delivery to customers using IP technology. NeXgen is a two-way forward looking platform that is used to deliver next generation entertainment services in both enterprise and residential locations. The Company also provides technical services, including hands-on training, system design engineering, on-site field support and complete system verification testing.

Note 4 – Inventories

Inventories are summarized as follows:

	June 30, 2019	December 31, 2018
Raw Materials	$ 2,790	$ 2,581
Work in process	3,149	1,573
Finished Goods	2,086	2,569
	8,025	6,723
Less current inventories	(8,025)	(6,172)
	$ -	$ 551

Inventories are stated at the lower of cost, determined by the first-in, first-out (" **FIFO**") method, or net realizable value.

The Company periodically analyzes anticipated product sales based on historical results, current backlog and marketing plans. Based on these analyses, the Company anticipates that certain products will not be sold during the next twelve months. Inventories that are not anticipated to be sold in the next twelve months have been written down to net realizable value.

The Company recorded a provision to reduce the carrying amounts of inventories to their net realizable value in the amount of $730 during the six months ended June 30, 2019.

Note 5 – Debt

On December 28, 2016, the Company entered into a Loan and Security Agreement (the " **Sterling Agreement**") with Sterling National Bank (" **Sterling**"). The Sterling Agreement provided the Company with a credit facility in an aggregate amount of $8,500 (the "**Sterling Facility**") consisting of a $5,000 asset-based revolving line of credit (the "**Revolver**") and, prior to entering into the Consent (defined below), a $3,500 amortizing term loan (the " **Term Loan**"). The Sterling Facility matures in December 2019. Interest on the Revolver is variable, based upon the 30-day LIBOR rate (2.49% and 2.09% at June 30, 2019 and 2018, respectively) plus a margin of 4.00%. Interest on the Term Loan also is variable, based upon the 30-day LIBOR rate (2.49% and 2.09% at June 30, 2019 and 2018, respectively) plus a margin of 4.50%. The Term Loan amortized at the rate of $19 per month. On March 30, 2017, the Company and Sterling entered into a certain First Amendment to Loan and Security Agreement (the "**First Amendment**"), pursuant to which, among other things, the parties amended the definitions of certain items used in the calculation of the fixed charge coverage ratio, deferred the first measurement period of the financial covenants contemplated by the Sterling Agreement, from December 31, 2016 to January 31, 2017, and modified certain terms relating to permitted investments by the Company.

On February 1, 2019, in connection with the completion of the sale of the Old Bridge Facility and entry into the Lease (as further described in Note 10), the Company entered into a Consent Under Loan and Security Agreement (the "**Consent**") with Sterling, pursuant to which, in consideration for Sterling's consent to the Company's sale of the Old Bridge Facility and Sterling's further agreement to execute and deliver a Discharge of Mortgage and Assignment of Leases and Rents (the "**Discharge**") to effect the discharge of Sterling's mortgage thereon, the Company was required to apply the proceeds of the sale of the Old Bridge Facility to fully pay, satisfy and discharge the Term Loan and to pay down the Revolver balance to zero (with no reduction in the Revolver commitment by Sterling). The Company paid approximately $3,014 to pay off the Term Loan in connection with the Discharge. In addition, the Company paid down the outstanding balance under the Revolver of approximately $2,086. On March 29, 2019, the Company and Sterling entered into a certain Second Amendment to Loan and Security Agreement (the "**Second Amendment**"), which replaced the existing fixed charge coverage ratio covenant with a minimum liquidity covenant. That covenant obligates the Company to not permit the sum of its unrestricted cash (as described in the Second Amendment) plus availability under the Revolver to drop below $2,000,000 at any time. The outstanding balances under the Revolver were zero and $2,603 at June 30, 2019 and December 31, 2018, respectively. All outstanding indebtedness under the Sterling Agreement is secured by all of the assets of the Company and its subsidiaries.

The Sterling Agreement contains customary covenants, including restrictions on the incurrence of additional indebtedness, encumbrances on the Company's assets, the payment of cash dividends or similar distributions, the repayment of any subordinated indebtedness and the sale or other disposition of the Company's assets. In addition, the Company must maintain (i) the minimum liquidity described above and (ii) a leverage ratio of not more than 2.0 to 1.0 for any fiscal month (determined as of the last day of each fiscal month, as calculated for the Company and its consolidated subsidiaries). The Company was not in compliance with the fixed charge coverage ratio covenant under the Sterling Agreement at December 31, 2018 and January 31, 2019. Sterling waived this non-compliance in the Second Amendment. The Company was in compliance with its financial covenants as of June 30, 2019.

Note 6 – Subordinated Convertible Debt with Related Parties

On March 28, 2016, the Company and RLD as borrowers and Robert J. Pallé, as agent (in such capacity " **Agent**") and as a lender, together with Carol M. Pallé, Steven Shea and James H. Williams as lenders (collectively, the "**Subordinated Lenders**") entered into a certain Amended and Restated Senior Subordinated Convertible Loan and Security Agreement (the "**Subordinated Loan Agreement**"), pursuant to which the Subordinated Lenders agreed to provide the Company with a delayed draw term loan facility of up to $750 ("**Subordinated Loan Facility**"), under which individual advances in amounts not less than $50 could be drawn by the Company. Interest on the outstanding balance under the Subordinated Loan Facility from time to time, accrued at 12% per annum (subject to increase under certain circumstances) and was payable monthly in-kind by the automatic increase of the principal amount of the loan on each monthly interest payment date, by the amount of the accrued interest payable at that time ("**PIK Interest**"); provided, however, that at the option of the Company, it was permitted to pay interest in cash on any interest payment date, in lieu of PIK Interest. The Subordinated Lenders had the option of converting the principal balance of the loan, in whole (unless otherwise agreed by the Company), into shares of the Company's common stock at a conversion price of $0.54 per share (subject to adjustment under certain circumstances). This conversion right was subject to stockholder approval as required by the rules of the NYSE MKT, which approval was obtained on May 24, 2016 at the Company's annual meeting of stockholders. The obligations of the Company and RLD under the Subordinated Loan Agreement were secured by substantially all of the Company's and RLD's assets, including by a mortgage against the Old Bridge Facility (the "**Subordinated Mortgage"**). The Subordinated Loan Agreement had a maturity date three years from the date of closing, at which time the accreted principal balance of the loan (by virtue of the PIK Interest) plus any other accrued unpaid interest, would be due and payable in full. In connection with the Subordinated Loan Agreement, the Company, Drake, the Subordinated Lenders and Sterling entered into a Subordination Agreement (the "**Subordination Agreement**"), pursuant to which the rights of the Subordinated Lenders under the Subordinated Loan Agreement and the Subordinated Mortgage were subordinated to the rights of Sterling under the Sterling Agreement and related security documents. The Subordination Agreement precluded the Company from making cash payments of interest in lieu of PIK Interest, in the absence of the prior written consent of Sterling.

On April 17, 2018, Robert J. Pallé and Carol Pallé exercised their conversion rights and converted $455 ($350 principal and $105 of accrued interest) of their loan (representing the entire amount of principal and interest outstanding and held by Mr. and Mrs. Pallé on that date) into 842 shares of the Company's common stock.

On October 9, 2018, James H. Williams exercised his conversion right and converted $67 ($50 principal and $17 of accrued interest) of his loan (representing the entire amount of principal and interest outstanding and held by Mr. Williams on that date) into 125 shares of the Company's common stock.

In connection with the anticipated completion of the sale of the Old Bridge Facility (as described in Note 10), on January 24, 2019, the Company and RLD, as Borrower, the Lenders and the Agent entered into a Debt Conversion and Lien Termination Agreement (the "**Conversion and Termination Agreement**"). As of the date of the Conversion and Termination Agreement, the Borrower was indebted to Steven L. Shea (**"Shea**") for the principal and accrued interest relating to a $100 loan advanced by Shea under the Subordinated Loan Agreement (the "**Shea Indebtedness**"). In addition, as of the date of the Conversion and Termination Agreement Robert J. Pallé and Carol M. Pallé (collectively, "**Initial Lenders**"), remained subject to a commitment to lend Borrower up to an additional $250 (the "**Additional Commitment**"). The Conversion and Termination Agreement provided for (i) the full payment of the Shea Indebtedness (unless such amounts were converted into shares of common stock prior to repayment), (ii) the termination of the Additional Commitment, and (iii) the release and termination of all liens and security interests in the collateral under the Subordinated Loan Documents, including with respect to the Subordinated Mortgages, each to become effective as of the closing of the sale of the Old Bridge Facility. In connection with the execution and delivery of the Conversion and Termination Agreement, Shea provided the Company with a notice of conversion, and upon completion of the sale of the Old Bridge Facility was issued 260 shares of the Company's common stock in full satisfaction of the Shea Indebtedness.

Note 7 – Related Party Transactions

A director and shareholder of the Company is a partner of a law firm that serves as outside legal counsel for the Company. During the three and six month periods ended June 30, 2019 and 2018, this law firm billed the Company approximately $124, $275, $304 and $401, respectively for legal services provided by this firm. Included in accounts payable on the accompanying balance sheets at June 30, 2019 and December 31, 2018, is approximately $61 and zero, respectively, owed to this law firm.

(In thousands, except per share data)

Note 8 – Concentration of Credit Risk

The following table summarizes credit risk with respect to customers as percentage of sales for the three and six month periods ending June 30, 2019 and 2018, respectively and as a percentage of accounts receivable as of June 30, 2019 and December 31, 2018, respectively:

	Net sales				Accounts receivable	
	Three months ended		Six months ended			
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	December 31, 2018
Customer A	10%	14%	12%	15%	-	14%
Customer B	14%	26%	12%	26%	14%	22%
Customer C	15%	-	-	-	28%	-
Customer D	-	-	-	-	-	11%
Customer E	-	-	-	-	15%	-

Note 9 – Commitments and Contingencies

Leases

The Company leases certain real estate, factory, and office equipment under non-cancellable operating leases at various dates through January 2024. Lease costs and cash paid for the three and six month periods ended June 30, 2019 were $251 and $354, respectively.

Maturities of the lease liabilities are as follows:

For the year ended December 31,	*Amount*
Amount remaining year ending December 31, 2019	$ 340
2020	768
2021	809
2022	809
2023	885
Thereafter	77
Lease liability	$ 3,688

Litigation

The Company from time to time is a party to certain proceedings incidental to the ordinary course of its business, none of which, in the opinion of management, is likely to have a material adverse effect on the Company's business, financial condition, results of operations, or cash flows.

Note 10 – Building Sale and Leaseback

On February 1, 2019, the Company completed the sale of the Old Bridge Facility to Jake Brown Road, LLC (the " **Buyer**"). In addition, in connection with the completion of the sale, the Company and the Buyer (as landlord) entered into a lease (the "**Lease**"), pursuant to which the Company will continue to occupy, and continue to conduct its manufacturing, engineering, sales and administrative functions in the Old Bridge Facility.

The sale of the Old Bridge Facility was made pursuant to an Agreement of Sale dated as of August 3, 2018 as amended and extended (collectively, the "**Sale Agreement**"). Pursuant to the Sale Agreement, at closing, Buyer paid the Company $10,500. In addition, at closing, the Company advanced to the Buyer the sum of $130, representing a preliminary estimate of the Company's share (as a tenant of the Old Bridge Facility following closing) of property repairs, as contemplated by the Sale Agreement. The Company recognized a gain of approximately $7,175 in connection with the sale.

The Lease has an initial term of five years and allows the Company to extend the term for an additional five years following the initial term. The Company is obligated to pay base rent of approximately $837 for the first year of the Lease with the amount of base rent adjusted for each subsequent year to equal 102.5% of the preceding year's base rent. The Lease was accounted for under Topic 842 as a sale leaseback as described in Note 2.

Note 11 – Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would require adjustment to or disclosure in the condensed consolidated financial statements.

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

The following discussion and analysis of the Company's historical results of operations and liquidity and capital resources should be read in conjunction with the unaudited consolidated financial statements of the Company and notes thereto appearing elsewhere herein. The following discussion and analysis also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. See "Forward Looking Statements," below.

Forward-Looking Statements

In addition to historical information this Quarterly Report contains forward-looking statements regarding future events relating to such matters as anticipated financial performance, business prospects, technological developments, new products, research and development activities and similar matters. The Private Securities Litigation Reform Act of 1995, the Securities Act of 1933 and the Securities Exchange Act of 1934 provide safe harbors for forward-looking statements. In order to comply with the terms of these safe harbors, the Company notes that a variety of factors could cause the Company's actual results and experience to differ materially and adversely from the anticipated results or other expectations expressed in the Company's forward-looking statements. The risks and uncertainties that may affect the operation, performance, development and results of the Company's business include, but are not limited to, those matters discussed herein in the section entitled Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations. The words "believe," "expect," "anticipate," "project," "target," "intend," "plan," "seek," "estimate," "endeavor," "should," "could," "may" and similar expressions are intended to identify forward-looking statements. In addition, any statements that refer to projections for our future financial performance, our ability to extend or refinance our debt obligations, our anticipated growth trends in our business and other characterizations of future events or circumstance are forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Readers should carefully review the risk factors described in other documents the Company files from time to time with the Securities and Exchange Commission, including without limitation, the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission on April 1, 2019 (See Item 1 – Business; Item 1A – Risk Factors; Item 3 – Legal Proceedings and Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations).

General

The Company was incorporated in November 1988, under the laws of Delaware as GPS Acquisition Corp. for the purpose of acquiring the business of Blonder-Tongue Laboratories, Inc., a New Jersey corporation, which was founded in 1950 by Ben H. Tongue and Isaac S. Blonder to design, manufacture and supply a line of electronics and systems equipment principally for the private cable industry. Following the acquisition, the Company changed its name to Blonder Tongue Laboratories, Inc. The Company completed the initial public offering of its shares of Common Stock in December 1995.

Today, the Company is a technology-development and manufacturing company that delivers a wide range of products and services to the cable entertainment and media industry. For 65 years, Blonder Tongue/Drake products have been deployed in a long list of locations, including lodging/hospitality, multi-dwelling units/apartments, broadcast studios/networks, education universities/schools, healthcare hospitals/fitness centers, government facilities/offices, prisons, airports, sports stadiums/arenas, entertainment venues/casinos, retail stores, and small-medium businesses. These applications are variously described as commercial, institutional and/or enterprise environments and will be referred to herein collectively as "**CIE**". The customers we serve include business entities installing private video and data networks in these environments, whether they are the largest cable television operators, telco or satellite providers, integrators, architects, engineers or the next generation of Internet Protocol Television ("**IPTV**") streaming video providers. The technology requirements of these markets change rapidly and the Company's research and development team is continually delivering high performance-lower cost solutions to meet customers' needs.

The Company's strategy is focused on providing a wide range of products to meet the needs of the CIE environments described above (e.g., hotels, hospitals, prisons, schools, etc.), and to provide offerings that are optimized for an operator's existing infrastructure, as well as the operator's future strategy. A key component of this growth strategy is to provide products that deliver the latest technologies (such as IPTV and digital SD and HD video content) and have a high performance-to-cost ratio.

During 2019, the Company introduced a line of Android TV set top boxes. These products were designed to help transition cable subscribers coming from traditional PayTV services onto a modern IPTV platform combining access to Over the Top ("**OTT**") and PayTV video services. The Company expects growth in this business during 2019 and in future years.

During 2019, the Company introduced a line of products known as NeXgen (" **NXG**"). NXG is a two-way forward looking platform that is used to deliver next generation entertainment services in both enterprise and residential locations. The Company expects growth in this business during 2019 and in future years.

The Company has seen a continuing long-term shift in product mix from analog products to digital products and expects this shift to continue. Sales of digital video headend products were $2,244,000 and $2,542,000 in the second three months of 2019 and 2018, respectively and $4,190,000 and $5,085,000 in the first six months of 2019 and 2018, respectively. Sales of analog video headend products were $409,000 and $493,000 in the second three months of 2019 and 2018, respectively and $883,000 and $823,000 in the first six months of 2019 and 2018, respectively. Any substantial decrease in sales of analog products without a related substantial increase in digital products could have a material adverse effect on the Company's results of operations, financial condition and cash flows.

The Company's manufacturing is allocated primarily between its facility in Old Bridge, New Jersey the (" **Old Bridge Facility**") and a key contract manufacturer located in the People's Republic of China ("**PRC**"). The Company currently manufactures most of its digital products, including the latest encoder and EdgeQAM collections at the Old Bridge Facility. Since 2007, the Company has been manufacturing certain high volume, labor intensive products, including many of the Company's analog products, in the PRC, pursuant to a manufacturing agreement that governs the production of products that may from time to time be the subject of purchase orders submitted by (and in the discretion of) the Company. Although the Company does not currently anticipate the transfer of any additional products to the PRC for manufacture, the Company may do so if business and market conditions make it advantageous to do so. Manufacturing products both at the Company's Old Bridge Facility as well as in the PRC, enables the Company to realize cost reductions while maintaining a competitive position and time-to-market advantage.

The Company may, from time to time, provide manufacturing, research and development and product support services for other companies' products. In 2015, the Company entered into an agreement with VBrick Systems, Inc. ("**VBrick**") to provide procurement, manufacturing, warehousing and fulfillment support to VBrick for a line of high end encoder products and sub-assemblies. Sales to VBrick of encoder products were approximately $46,000 and $155,000 in the second three months of 2019 and 2018, respectively and $74,000 and $379,000 in the first six months of 2019 and 2018, respectively. Sales to VBrick for sub-assemblies were not material in the second three months or first six months of 2019 or 2018.

Results of Operations

Second three months of 2019 Compared with second three months of 2018

Net Sales. Net sales increased $160,000, or 3.0%, to $5,437,000 in the second three months of 2019 from $5,277,000 in the second three months of 2018. The increase is primarily attributed to an increase in set top boxes and NXG products, offset by a decrease in sales of data products, digital video headend products, contract manufactured products and HFC distribution products. Sales of set top boxes were $1,002,000 and zero, NXG products were $362,000 and zero, data products were $565,000 and $1,055,000, digital video headend products were $2,244,000 and $2,542,000, contracted manufactured products were $46,000 and $155,000 and HFC distribution products were $581,000 and $761,000 in the second three months of 2019 and 2018, respectively.

Cost of Goods Sold. Cost of goods sold increased to $3,432,000 for the second three months of 2019 from $3,086,000 for the second three months of 2018 and increased as a percentage of sales to 63.1% from 58.5%. The increase was primarily due to an increase in sales. The increase as a percentage of sales was primarily attributed to an unfavorable change in product mix.

Selling Expenses. Selling expenses increased to $745,000 for the second three months of 2019 from $608,000 in the second three months of 2018, and increased as percentage of sales to 13.7% for the second three months of 2019 from 11.5% for the second three months of 2018. The $137,000 increase was primarily the result of an increase in salaries and fringe benefits due to an increase in head count and salary adjustments of $122,000.

General and Administrative Expenses. General and administrative expenses increased to $1,327,000 for the second three months of 2019 from $1,157,000 for the second three months of 2018 and increased as a percentage of sales to 24.4% for the second three months of 2019 from 21.9% for the second three months of 2018. The $170,000 increase was primarily the result of an increase in salaries and fringe benefits due to an increase in head count and salary adjustments of $24,000, an increase in consulting fees of $94,000 related to IT outsourcing and increase in legal expense of $25,000 and an increase in occupancy costs of $37,000 related to the Old Bridge lease.

Research and Development Expenses. Research and development expenses increased to $778,000 in the second three months of 2019 from $643,000 in the second three months of 2018 and increased as a percentage of sales to 14.3% for the second three months of 2019 from 12.2% for the second three months of 2018. This $135,000 increase is primarily the result of an increase in salaries and fringe benefits due to an increase in head count and salary adjustments of $47,000 and an increase in consulting fees of $77,000.

Operating Loss. Operating loss of $845,000 for the second three months of 2019 represents an increase from operating loss of $217,000 for the second three months of 2018. Operating loss as a percentage of sales was (15.5)% in the second three months of 2019 compared to (4.1)% in the second three months of 2018.

Interest Expense. Interest expense decreased to $46,000 in the second three months of 2019 from $118,000 in the second three months of 2018. The decrease is primarily the result of lower average borrowing.

First six months of 2019 Compared with first six months of 2018

Net Sales. Net sales decreased $1,121,000, or 10.5%, to $9,519,000 in the first six months of 2019 from $10,640,000 in the first six months of 2018. The decrease is primarily attributed to a decrease in sales of data products and digital video headend products, offset by an increase in sales of set top box products. Sales of data products were $1,105,000 and $2,454,000, digital video headend products were $4,190,000 and $5,085,000 and set top box products were $1,193,000 and zero in the first six months of 2019 and 2018, respectively.

Cost of Goods Sold. Cost of goods sold increased to $6,423,000 for the first six months of 2019 from $6,226,000 for the first six months of 2018 and increased as a percentage of sales to 67.5% from 58.5%. The increase was primarily due to an increase in the write down of inventories to net realizable value of $730,000. The increase as a percentage of sales was primarily attributed to the above. Had the write down not occurred, cost of goods sold as a percentage of sales would have been 59.8% for the six months ended June 30, 2019.

Selling Expenses. Selling expenses increased to $1,472,000 for the first six months of 2019 from $1,211,000 in the first six months of 2018 and increased as percentage of sales to 15.5% for the first six months of 2019 from 11.4% for the first six months of 2018. The $261,000 increase was primarily the result of an increase in salaries and fringe benefits due to an increase in head count and salary adjustments of $222,000.

General and Administrative Expenses. General and administrative expenses increased to $2,793,000 for the first six months of 2019 from $2,033,000 for the first six months of 2018 and increased as a percentage of sales to 29.3% for the first six months of 2019 from 19.1% for the first six months of 2018. The $760,000 increase was primarily the result of an increase in salaries and fringe benefits due to an increase in head count and salary adjustments of $414,000, an increase in consulting fees of $187,000 related to IT outsourcing and an increase in travel expenses of $62,000.

Research and Development Expenses. Research and development expenses increased to $1,443,000 in the first six months of 2019 from $1,300,000 in the first six months of 2018 and increased as a percentage of sales to 15.2% for the first six months of 2019 from 12.2% for the first six months of 2018. This $143,000 increase is primarily the result of an increase in salaries and fringe benefits due to an increase in head count and salary adjustments of $91,000 and an increase in consulting fees of $104,000.

Operating Loss. Operating loss of $2,612,000 for the first six months of 2019 represents an increase from operating loss of $130,000 for the first six months of 2018. Operating loss as a percentage of sales was (27.4)% in the first six months of 2019 compared to (1.2)% in the first six months of 2018.

Interest Expense. Interest expense decreased to $129,000 in the first six months of 2019 from $268,000 in the first six months of 2018. The decrease is primarily the result of lower average borrowing.

Liquidity and Capital Resources

As of June 30, 2019 and December 31, 2018, the Company's working capital was $8,613,000 and $2,114,000, respectively. The increase in working capital was primarily due to the receipt of proceeds from the sale of the Old Bridge Facility after paying off the Term Loan and paying down the Revolver under the Sterling Facility.

The Company's net cash used in operating activities for the six-month period ended June 30, 2019 was $4,375,000, primarily due to non-cash adjustments of $(6,589,000) and an increase in inventories of $1,302,000, offset by net earnings of $4,434,000. The Company's net cash provided by operating activities for the six-month period ended June 30, 2018 was $1,319,000 primarily due to an increase in accounts payable, accrued compensation and other accrued expenses of $661,000 and a reduction in accounts receivable of $1,004,000, offset, in part, by a reduction in inventories of $331,000.

Cash provided by investing activities for the six-month period ended June 30, 2019 was $9,687,000, of which $9,765,000 was attributable to proceeds on the sale of the Old Bridge Facility, offset by $21,000 attributable to additional license fees and $57,000 attributable to capital expenditures. Cash used in investing activities for the six-month period ended June 30, 2018 was $52,000, of which $47,000 was attributable to capital expenditures and $5,000 was attributable to additional license fees.

Cash used in financing activities was $5,659,000 for the first six months of 2019, which was comprised of net repayments of borrowings on the Revolver under the Sterling Facility of $2,603,000, repayments of long-term debt of $3,063,000 offset by proceeds from the exercise of stock options of $7,000. Cash used in financing activities was $991,000 for the first six months of 2018, which was comprised of net repayments of line of credit of $865,000 and repayments of debt of $126,000.

For a full description of the Company's secured indebtedness under the Sterling Facility and the Company's senior subordinated convertible indebtedness under the Subordinated Loan Facility, and their respective effects upon the Company's condensed consolidated financial position and results of operations, see Note 5 – Debt and Note 6 – Subordinated Convertible Debt with Related Parties, of the Notes to Condensed Consolidated Financial Statements.

The Company's primary sources of liquidity have been its existing cash balances, cash generated from operations and amounts available under the Sterling Facility and the Subordinated Loan Facility. In connection with the completion of the sale of the Old Bridge Facility, as described below, the Subordinated Loan Facility was terminated. On a going-forward basis, the Company expects its primary sources of liquidity will be its existing cash balances (including amounts the Company received upon completion of the sale of the Old Bridge Facility, as described below), cash generated from operations and amounts available under the Sterling Facility. The Company was not in compliance with the fixed charge coverage ratio under the Sterling Agreement at December 31, 2018 and January 31, 2019. Sterling has waived this non-compliance, and the Company and Sterling have agreed to an amendment to the Sterling Agreement (the "**Second Amendment**"), which replaced the existing fixed charge coverage ratio covenant with a minimum liquidity covenant. That covenant obligates the Company to not permit the sum of its unrestricted cash (as described in the Second Amendment) plus availability under the Revolver to drop below $2,000,000 at any time. The Company was in compliance with its covenants as of June 30, 2019. As of June 30, 2019, the Company had zero outstanding under the Revolver, $1,691,000 of availability for borrowing under the Revolver and $212,000 cash on hand. The minimum liquidity covenant will effectively reduce the amount that the Company is able to borrow under the Sterling Facility. The Sterling Facility matures in December 2019. We currently intend to seek to extend the Sterling facility, but if we are unable to do so, we would seek new debt financing arrangements. We cannot assure you that new debt financing will be available to us on acceptable terms or at all.

On February 1, 2019, the Company completed the sale of the Old Bridge Facility to Jake Brown Road, LLC (the " **Buyer**"). In addition, in connection with the completion of the sale, the Company and the Buyer (as landlord) entered into a lease (the "**Lease**"), pursuant to which the Company will continue to occupy, and continue to conduct its manufacturing, engineering, sales and administrative functions in the Old Bridge Facility.

The sale of the Old Bridge Facility was made pursuant to an Agreement of Sale dated as of August 3, 2018 (the " **Initial Sale Agreement**"), as amended by an Extension Letter Agreement dated as of September 20, 2018, the Second Amendment to Agreement of Sale dated as of October 8, 2018 and the Third Amendment to Agreement of Sale dated as of January 30, 2019 (the Initial Sale Agreement together with the Extension Letter Agreement, Second Amendment to Agreement of Sale and Third Amendment to Agreement of Sale, collectively, the "**Sale Agreement**"). Pursuant to the Sale Agreement, at closing, the Buyer paid the Company $10,500,000. In addition, at closing, the Company advanced to the Buyer the sum of $130,000, representing a preliminary estimate of the Company's share (as a tenant of the Old Bridge Facility following closing) of property repairs, as contemplated by the Sale Agreement.

On February 1, 2019, in connection with the completion of the sale of the Old Bridge Facility and entry into the Lease, the Company entered into a Consent Under Loan and Security Agreement (the "**Consent**") with Sterling National Bank (" **Sterling**"), pursuant to which, in consideration for Sterling's consent to the Company's sale of the Old Bridge Facility and Sterling's further agreement to execute and deliver a Discharge of Mortgage and Assignment of Leases and Rents (the "**Discharge**") to effect the discharge of Sterling's mortgage on the Old Bridge Facility, the Company was required to apply the proceeds of the sale of the Old Bridge Facility to fully pay, satisfy and discharge the Term Loan and to pay down the Revolver balance to $0.00 (with no reduction in the Revolver commitment by Sterling). The Company paid approximately $3,014,000 to pay off the Term Loan in connection with the Discharge. In addition, the Company paid down the outstanding balance under the Revolver of approximately $2,086,000.

On January 24, 2019, the Company and RLD (with the Company, collectively, the " **Borrower**") entered into a Debt Conversion and Lien Termination Agreement (the "**Conversion and Termination Agreement**") with Robert J. Pallé (" **RJP**") and Carol M. Pallé (collectively, "**Initial Lenders**"), and Steven L. Shea and James H. Williams (collectively, the "**Supplemental Lenders**," and together with the Initial Lenders, collectively, the " **Lenders**"), and Robert J. Pallé, as Agent for the Lenders (in such capacity, the "**Agent**").

As previously disclosed, the Borrower, the Lenders and the Agent were parties to a First Amendment to Amended and Restated Senior Subordinate Convertible Loan and Security Agreement, dated as of March 21, 2017 (as amended to date, the "**Subordinated Loan Agreement**"), pursuant to which the Lenders provided the Borrower with commitments to lend Borrower up to $750,000 in the form of loans convertible, under the terms provided in the Subordinated Loan Agreement, into shares of the Company's Common Stock. The obligations of Borrower to pay, satisfy and discharge the obligations under the Subordinated Loan Agreement were secured by security interests in and liens upon certain specified collateral, including certain mortgages in favor of the Lenders and the Agent (the "**Subordinated Mortgages**," and together with the Subordinated Loan Agreement and all other agreements, documents and instruments related thereto, collectively, the "**Subordinated Loan Documents**").

As of the date of the Conversion and Termination Agreement, the Borrower was indebted to Steven L. Shea (**"Shea**") for the principal and accrued interest relating to a $100,000 loan advanced by Shea under the Subordinated Loan Agreement (the "**Shea Indebtedness**"). In addition, as of the date of the Conversion and Termination Agreement the Initial Lenders remained subject to a commitment to lend Borrowers up to an additional $250,000 (the "**Additional Commitment**").

In connection with the anticipated completion of the sale of the Old Bridge Facility, on January 24, 2019, the Borrower, the Lenders and the Agent entered into the Conversion and Termination Agreement to provide for (i) the full payment of the Shea Indebtedness (unless such amounts were converted into shares of Common Stock prior to repayment), (ii) the termination of the Additional Commitment and (iii) the release and termination of all liens and security interests in the collateral under the Subordinated Loan Documents, including with respect to the Subordinated Mortgages, each to become effective as of the closing of the sale of the Old Bridge Facility. In connection with the execution and delivery of the Conversion and Termination Agreement by the Borrower, the Lenders and the Agent, Shea provided the Company with a notice of conversion, and upon completion of the sale of the Old Bridge Facility was issued 259,983 shares of Company Common Stock in full satisfaction of the Shea Indebtedness.

As previously disclosed, the Lease has an initial term of five years and allows the Company to extend the term for an additional five years following the initial term. The Company is obligated to pay base rent of $836,855.50 for the first year of the Lease, with the amount of the base rent adjusted for each subsequent year to equal 102.5% of the preceding year's base rent. Without regard to any reduction in the Company's lease expense derived from its sublease to a third party of the Sublease Space (defined below), for the first year of the Lease, the base rent of $836,855.00 would offset, in part, the anticipated annualized saving of interest and depreciation expense of approximately $469,000 and the cash debt service of approximately $562,000. The Lease further provides for a security deposit in an amount equal to eight months of base rent, which may be reduced to three months of base rent upon certain benchmarks being met. The landlord may, once during the lease term or any renewal thereof, require the Company to relocate to another facility made available by the landlord that meets the Company's specifications for a replacement facility within a defined geographical area, by providing notice which confirms that all of the Company's specifications for a replacement facility will be met, that all costs relating to such relocation will be paid by the landlord, and that security for the repayment of those relocation costs has been established. The Company will also be provided a six month overlap period (the "**Overlap Period**") during which the Company may operate in the Old Bridge Facility with rent therein being abated, but with rent being paid at the replacement facility, to mitigate interruptions of the Company's on-going business while the move occurs. If the Company declines to be relocated to the facility proposed by the landlord, the Lease will terminate 18 months from the date of the landlord's notice, but the Company will continue to be entitled to receive the same benefits in terms of reimbursement of its relocation costs and an Overlap Period during which no rent will be due at the Old Bridge Facility, while the Company moves its operations to an alternative facility that it has identified.

The Company anticipates subleasing to a third party up to 40,000 square feet of the Old Bridge Facility (the " **Sublease Space**"), the rental proceeds from which will inure to the benefit of the Company. The Company's ability to sublease all or part of the Sublease Space, the specific terms of any sublease of the Sublease Space and the amount of rent that will be derived therefrom cannot be predicted at this time. The landlord agreed to provide the Company with up to six months of free rent for the Sublease Space, as the Company undertakes to identify a suitable tenant or tenants therefor. The provision of free rent for the Sublease Space expired on July 31, 2019.

The Company's primary long-term obligations are for payment of interest and principal on the Sterling Facility, which expires on December 28, 2019. The Company expects to use cash generated from operations and the Sale Agreement proceeds to meet its long-term debt obligations. The Company also expects to make financed and unfinanced long-term capital expenditures from time to time in the ordinary course of business, which capital expenditures were $57,000 and $81,000 in the six months ended June 30, 2019 and the year ended December 31, 2018, respectively. The Company expects to use cash generated from operations, amounts available under the Sterling Facility, proceeds from the Sale Agreement and purchase-money financing to meet any anticipated long-term capital expenditures.

The Company believes that it has sufficient liquidity and capital resources to sustain its planned operations for at least the next 12 months from the filing date of this Form 10-Q.

Critical Accounting Estimates

See the Notes to Condensed Consolidated Financial Statements for a description of where estimates are required.

Recent Accounting Pronouncements

See Notes 2(d) and (e) of the Notes to Condensed Consolidated Financial Statements for a full description of recent accounting pronouncements, including the anticipated dates of adoption and the effects on the Company's consolidated financial position and results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains a system of disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in the Company's reports filed or submitted pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Company carried out an evaluation, under the supervision and with the participation of management, including the principal executive officer and principal financial officer, of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective at June 30, 2019.

During the quarter ended June 30, 2019, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is a party to certain proceedings incidental to the ordinary course of its business, none of which, in the current opinion of management, is likely to have a material adverse effect on the Company's business, financial condition, results of operations, or cash flows.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in "Risk Factors" included in the Company's Form 10-K for the year ended December 31, 2018. There are no material changes from the risk factors included in Form 10-K for the year ended December 31, 2018.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

The exhibits are listed in the Exhibit Index appearing at page 21 herein.

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.

BLONDER TONGUE LABORATORIES, INC.

Date: August 14, 2019

By: /s/ Robert J. Pallé
Robert J. Pallé
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Eric Skolnik
Eric Skolnik
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit #	Description	Location
3.1	Restated Certificate of Incorporation of Blonder Tongue Laboratories, Inc.	Incorporated by reference from Exhibit 3.1 to Registrant's S-1 Registration Statement No. 33-98070 originally filed October 12, 1995, as amended.
3.2	Amended and Restated Bylaws of Blonder Tongue Laboratories, Inc.	Incorporated by reference from Exhibit 3.1 to Registrant's Current Report on Form 8-K, filed April 20, 2018.
31.1	Certification of Robert J. Pallé pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of Eric Skolnik pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.1	Certification pursuant to Section 906 of Sarbanes-Oxley Act of 2002.	Filed herewith.
101.1	Interactive data files.	Filed herewith.

Exhibit 31.1

CERTIFICATION

I, Robert J. Pallé, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Blonder Tongue Laboratories, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2019

/s/ Robert J. Pallé
Robert J. Pallé
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Eric Skolnik, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Blonder Tongue Laboratories, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2019

/s/ Eric Skolnik

Eric Skolnik
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

To the knowledge of each of the undersigned, this Report on Form 10-Q for the quarter ended June 30, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of Blonder Tongue Laboratories, Inc. for the applicable reporting period.

Date: August 14, 2019	By:	/s/ Robert J. Pallé
		Robert J. Pallé, Chief Executive Officer
	By:	/s/ Eric Skolnik
		Eric Skolnik, Chief Financial Officer