

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## LGL GROUP INC

**Form: 10-Q**

**Date Filed: 2019-08-12**

Corporate Issuer CIK: 61004

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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended 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 No. 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 Rd., Orlando, Florida**  
(Address of principal executive offices)

**32804**  
(Zip Code)

**(407) 298-2000**

(Registrant's telephone number, including area code)

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

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Stock, par value \$0.01	LGL	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 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, 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. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of August 7, 2019, the registrant had 4,893,228 shares of common stock, \$0.01 par value per share, outstanding.

---

---

# THE LGL GROUP, INC.

Quarterly Report on Form 10-Q for the Quarterly Period Ended June 30, 2019

## INDEX

	PAGE	
<b>PART I.</b>	<b><u>FINANCIAL INFORMATION</u></b>	
Item 1.	<u>Financial Statements (Unaudited)</u>	
	<u>Condensed Consolidated Balance Sheets</u>	1
	<u>Condensed Consolidated Statements of Operations</u>	2
	<u>Condensed Consolidated Statements of Stockholders' Equity</u>	3
	<u>Condensed Consolidated Statements of Cash Flows</u>	4
	<u>Notes to Condensed Consolidated Financial Statements</u>	5
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	11
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	14
Item 4.	<u>Controls and Procedures</u>	14
<b>PART II.</b>	<b><u>OTHER INFORMATION</u></b>	
Item 1.	<u>Legal Proceedings</u>	15
Item 1A.	<u>Risk Factors</u>	15
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	15
Item 6.	<u>Exhibits</u>	15
	<b><u>SIGNATURES</u></b>	16

---

**PART I**  
**FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**The LGL Group, Inc.**  
**Condensed Consolidated Balance Sheets (Unaudited)**  
(In thousands, except par value and share amounts)

	June 30, 2019	December 31, 2018
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 9,820	\$ 15,508
Marketable securities	8,920	3,775
Accounts receivable, net of allowances of \$90 and \$40, respectively	5,041	3,394
Inventories, net	5,761	4,466
Prepaid expenses and other current assets	271	242
Total Current Assets	29,813	27,385
<b>Property, plant and equipment:</b>		
Land	536	536
Buildings and improvements	4,545	4,029
Machinery and equipment	17,188	17,012
Gross property, plant and equipment	22,269	21,577
Less: accumulated depreciation	(19,693)	(19,491)
Net property, plant, and equipment	2,576	2,086
Intangible assets, net	439	477
Deferred income taxes, net	103	127
Right-of-use lease asset	408	—
Total Assets	\$ 33,339	\$ 30,075
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 2,255	\$ 1,418
Accrued compensation and commissions	1,211	1,143
Other accrued expenses	749	191
Total Current Liabilities	4,215	2,752
<b>Commitments and Contingencies (Note L)</b>		
<b>Stockholders' Equity</b>		
Common stock, \$0.01 par value - 10,000,000 shares authorized; 4,958,062 shares issued and 4,886,478 shares outstanding at June 30, 2019, and 4,912,762 shares issued and 4,831,178 shares outstanding at December 31, 2018	49	49
Additional paid-in capital	41,303	41,023
Accumulated deficit	(11,648)	(13,169)
Treasury stock, 81,584 shares held in treasury at cost at June 30, 2019 and December 31, 2018	(580)	(580)
Accumulated other comprehensive income	—	—
Total Stockholders' Equity	29,124	27,323
Total Liabilities and Stockholders' Equity	\$ 33,339	\$ 30,075

*See Accompanying Notes to Condensed Consolidated Financial Statements.*

**The LGL Group, Inc.**  
**Condensed Consolidated Statements of Operations (Unaudited)**  
(In thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>REVENUES</b>	\$ 7,838	\$ 6,157	\$ 14,470	\$ 12,102
Costs and expenses:				
Manufacturing cost of sales	4,706	3,594	8,921	7,310
Engineering, selling and administrative	2,276	2,074	4,259	4,145
<b>OPERATING INCOME</b>	856	489	1,290	647
Other Income:				
Interest (expense) income, net	-	(6)	1	6
Other income, net	117	67	270	91
Total Other Income, Net	117	61	271	97
<b>INCOME BEFORE INCOME TAXES</b>	973	550	1,561	744
Income tax expense	34	78	40	79
<b>NET INCOME</b>	\$ 939	\$ 472	\$ 1,521	\$ 665
Basic per share information:				
Weighted average shares outstanding	4,888,059	4,698,393	4,857,603	4,697,415
Net income	\$ 0.19	\$ 0.10	\$ 0.31	\$ 0.14
Diluted per share information:				
Weighted average shares outstanding	4,972,418	4,804,165	4,962,110	4,804,621
Net income	\$ 0.19	\$ 0.10	\$ 0.31	\$ 0.14

*See Accompanying Notes to Condensed Consolidated Financial Statements.*

**The LGL Group, Inc.**  
**Condensed Consolidated Statements of Stockholders' Equity (Unaudited)**  
(In thousands, except share amounts)

	Shares of Common Stock Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2018	4,831,178	\$ 49	\$ 41,023	\$ (13,169)	\$ (580)	\$ -	\$ 27,323
Net income, Q1, 2019				582			582
Exercise of stock options	14,250	—	71				71
Stock-based compensation			6				6
Balance at March 31, 2019	4,845,428	\$ 49	\$ 41,100	\$ (12,587)	\$ (580)	\$ -	\$ 27,982
Net income, Q2, 2019				939			939
Exercise of stock options	41,050	—	197				197
Stock-based compensation			6				6
Balance at June 30, 2019	4,886,478	\$ 49	\$ 41,303	\$ (11,648)	\$ (580)	\$ -	\$ 29,124
Balance at December 31, 2017	4,692,893	\$ 47	\$ 40,035	\$ (14,609)	\$ (580)	\$ 35	\$ 24,928
Net income, Q1, 2018				193			193
Cumulative effect adjustment from adoption of ASU 2016-01				35		(35)	—
Exercise of stock options	5,500	—	22				22
Stock-based compensation			7				7
Balance at June 30, 2018	4,698,393	\$ 47	\$ 40,064	\$ (14,381)	\$ (580)	\$ -	\$ 25,150
Net income, Q2, 2018				472			472
Stock-based compensation			6				6
Issuance costs for rights offering			(28)				(28)
Balance at June 30, 2018	4,698,393	\$ 47	\$ 40,042	\$ (13,909)	\$ (580)	\$ -	\$ 25,600

*See Accompanying Notes to Condensed Consolidated Financial Statements.*

**The LGL Group, Inc.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
(In thousands)

	Six Months Ended June 30,	
	2019	2018
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 1,521	\$ 665
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	202	211
Amortization of finite-lived intangible assets	38	38
Recovery of note receivable	—	(4)
Stock-based compensation	12	13
Unrealized gain on marketable securities	(145)	(86)
Deferred income tax expense	24	18
Changes in operating assets and liabilities:		
Increase in accounts receivable, net	(1,647)	(487)
Increase in inventories, net	(1,295)	(427)
(Increase) decrease in prepaid expenses and other assets	(29)	137
Increase in accounts payable, accrued compensation and commissions and other accrued liabilities	1,055	192
<b>Net cash (used in) provided by operating activities</b>	<b>(264)</b>	<b>270</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of marketable securities, net	(5,000)	-
Capital expenditures	(692)	(202)
<b>Net cash used in investing activities</b>	<b>(5,692)</b>	<b>(202)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from stock option exercise	268	22
<b>Net cash provided by financing activities</b>	<b>268</b>	<b>22</b>
(Decrease) increase in cash and cash equivalents	(5,688)	90
Cash and cash equivalents at beginning of period	15,508	13,250
Cash and cash equivalents at end of period	<b>\$ 9,820</b>	<b>\$ 13,340</b>
<b>Supplemental Disclosure:</b>		
Cash paid for interest	\$ 6	\$ 17
Cash paid for income taxes	\$ 58	\$ 34
<b>Non-Cash Disclosure:</b>		
Right-of-use assets offset by operating lease liabilities	\$ 408	\$ —

*See Accompanying Notes to Condensed Consolidated Financial Statements.*

**The LGL Group, Inc.**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**A. Subsidiaries of the Registrant**

The LGL Group, Inc. (the "Company"), incorporated in 1928 under the laws of the State of Indiana and reincorporated under the laws of the State of Delaware in 2007, 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.

As of June 30, 2019, the subsidiaries of the Company were as follows:

	<b>Owned By The LGL Group, Inc.</b>
Mtron Systems Acquisition Holdings Company, LLC	100.0%
Mtron Systems Acquisition Corp.	100.0%
M-tron Systems Holdings, LLC	100.0%
M-tron Industries, Inc.	100.0%
Piezo Technology, Inc.	100.0%
Piezo Technology India Private Ltd.	99.9%
M-tron Asia, LLC	100.0%
M-tron Industries, Ltd.	100.0%
GC Opportunities Ltd.	100.0%
M-tron Services, Ltd.	100.0%
Precise Time and Frequency, LLC	100.0%
Lynch Systems, Inc.	100.0%

The Company operates through its two principal subsidiaries, M-tron Industries, Inc. ("MtronPTI"), which includes the operations of Piezo Technology, Inc. ("PTI") and M-tron Asia, LLC ("Mtron"), and Precise Time and Frequency, LLC ("PTF"). The Company operates in two identified segments. The first segment, the electronic components segment, is focused on the design and manufacture of 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. The second segment, the 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. The Company has operations in Orlando, Florida, Yankton, South Dakota, Wakefield, Massachusetts and Noida, India and sales offices in Austin, Texas and Hong Kong.

The Company recently added three subsidiaries as part of an effort to reorganize the subsidiaries and to plan potential available strategies for acquisitions. These were Mtron Systems Acquisition Holdings Company, LLC, Mtron Systems Acquisition Corp., and Mtron Systems Holdings, LLC.

**B. Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2019.

This interim information should be read in conjunction with the audited consolidated financial statements and related notes thereto set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission (the "SEC") on March 21, 2019. The accompanying unaudited condensed consolidated financial statements should also be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this Quarterly Report on Form 10-Q.

**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 segment in Note J – Segment Information, and geographic markets in Note K – 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.

***Income Taxes***

Based on our assessment of the uncertainty surrounding the realization of the favorable tax attributes in future tax returns in accordance with the provisions of ASC 740, Income Taxes, we have determined that it is more likely than not that certain deferred tax assets generated from foreign net operating losses can be utilized in the foreseeable future and a valuation allowance for these assets is not required. We also determined that a full valuation against the remaining U.S. net deferred tax assets is required and have recorded a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized.

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 probable than not that the Company would realize its future tax benefits. As positive factors continue to be present given our recent economic performance, the potential result would be a full or partial release of the valuation allowance on the deferred tax asset initially recognized in prior periods. The net balance of the deferred tax asset was approximately \$4.8 million and \$5.2 million as of June 30, 2019 and December 31, 2018, respectively, with a related valuation allowance of \$4.7 million and \$5.1 million, respectively. Any release of the valuation allowance would be recognized in the statements of operations.

***Other Comprehensive Income***

Our comprehensive income for the six months ended June 30, 2019 and June 30, 2018 consisted entirely of net income. Therefore a consolidated statement of comprehensive income is not presented for the six months ended June 30, 2019 and June 30, 2018.

***Recent Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)", to require lessees to recognize all leases, with limited exceptions, on the balance sheet. The objective of this update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Subsequently, the FASB issued ASU 2018-10, "Codification Improvements to Topic 842", ASU 2018-11, "Targeted Improvements", ASU 2018-20, "Narrow-Scope Improvements for Lessors", and ASU 2019-01, "Codification Improvements", to clarify and amend the guidance in ASU 2016-02. The Company's adoption of the ASUs effective January 1, 2019 resulted in the recording of lease assets and lease liabilities of \$142,000 on the consolidated balance sheet during Q1 of 2019 and did not have a material impact on the condensed consolidated statements of operations or the condensed consolidated statements of cash flows.

**C. Related Party Transactions**

Certain balances held and invested in various mutual funds are managed by a related entity (the "Fund Manager"), which is related through a director who is also a greater than 10% stockholder and currently serves as an executive officer of the Fund Manager. The brokerage and fund transactions in 2019 and 2018 were directed solely at the discretion of the Company's management.

As of June 30, 2019, the balance with the Fund Manager totaled \$17,735,000, including \$8,827,000 which is classified within cash and cash equivalents on the accompanying unaudited consolidated balance sheets, and \$8,908,000 which is classified within marketable securities on the accompanying unaudited consolidated balance sheets. Amounts invested generated \$265,000 of realized and unrealized investment income during 2019 that is included within other income, net on the accompanying unaudited consolidated statements of operations. Fund management fees are anticipated to average less than 0.35% of the asset balances under management on an annual basis.

As of December 31, 2018, the balance with the Fund Manager totaled \$16,270,000, including \$12,506,000 which is classified within cash and cash equivalents on the accompanying unaudited consolidated balance sheets, and \$3,764,000 which is classified as marketable securities on the accompanying unaudited consolidated balance sheets.

#### D. 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 market value of its marketable securities, the Company obtains current market pricing from quoted market sources or uses pricing for identical securities. Assets measured at fair value on a recurring basis are summarized below (in thousands).

	Level 1	Level 2	Level 3	Total at June 30, 2019
Marketable Equity Security	\$ 12	\$ —	\$ —	\$ 12
Equity Mutual Fund	—	8,908	—	8,908
U.S. Treasury Mutual Fund	8,827	—	—	8,827
	<u>\$ 8,839</u>	<u>\$ 8,908</u>	<u>\$ —</u>	<u>\$ 17,747</u>

  

	Level 1	Level 2	Level 3	Total at December 31, 2018
Marketable Equity Security	\$ 11	\$ —	\$ —	\$ 11
Equity Mutual Fund	—	3,764	—	3,764
U.S. Treasury Mutual Fund	12,506	—	—	12,506
	<u>\$ 12,517</u>	<u>\$ 3,764</u>	<u>\$ —</u>	<u>\$ 16,281</u>

There were no transfers from level 2 to level 3 during the periods presented. There were no level 3 assets as of June 30, 2019 or December 31, 2018. The Company also has 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. There were no liabilities subject to fair value on a non-recurring or recurring basis as of June 30, 2019 or December 31, 2018.

The Company reviews goodwill and the carrying value of long-lived assets at least annually or 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 fair value.

#### E. Inventories

Inventories are valued at the lower of cost or net realizable value using the FIFO (first-in, first-out) method. 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 obsolescence as of June 30, 2019 and December 31, 2018 was \$1,434,000 and \$1,266,000, respectively.

Inventories are comprised of the following (in thousands):

	June 30, 2019	December 31, 2018
Raw materials	\$ 2,394	\$ 1,719
Work in process	2,269	1,807
Finished goods	1,098	940
Total Inventories, net	<u>\$ 5,761</u>	<u>\$ 4,466</u>

#### F. Intangible Assets

Intangible assets are recorded at cost less accumulated amortization which is included in engineering, selling and administrative expenses in the accompanying unaudited condensed consolidated statements of operations. 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 \$399,000 and \$437,000 as of June 30, 2019 and December 31, 2018, respectively. Goodwill, which is not amortizable, was \$40,000 as of both June 30, 2019 and December 31, 2018.

#### G. 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 is indicative of expected volatility over the life of the option. 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.

Compensation expense related to share-based compensation is recognized over the applicable vesting periods. As of June 30, 2019, there was approximately \$20,000 of total unrecognized compensation expense related to unvested share-based compensation arrangements that will be recognized over a weighted average period of 1.1 years.

#### H. 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 stock options and other potentially dilutive financial instruments, only in the periods in which the effects are dilutive. The dilutive effect of share-based awards is reflected in earnings per share by application of the treasury stock method, which includes consideration of unamortized share-based compensation expense required under the Compensation – Stock Compensation Topic of the ASC.

For the six months ended June 30, 2019 there were 6,067 options to purchase shares of the Company's common stock, for the three and six months ended June 30, 2018 there were 18,983 options to purchase shares, and for the six months ended June 30, 2018, there were warrants to purchase 519,241 shares of common stock that were excluded from the diluted earnings per share computation because the impact of the assumed exercise of such stock options or warrants would have been anti-dilutive during the respective periods.

The following table reconciles basic weighted average shares outstanding to diluted weighted average shares outstanding for the three and six months ended June 30, 2019 and 2018:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Weighted average shares outstanding - basic	4,888,059	4,698,393	4,857,603	4,697,415
Effect of diluted securities	84,359	105,772	104,507	107,206
Weighted average shares outstanding - diluted	4,972,418	4,804,165	4,962,110	4,804,621

#### I. Stockholders' Equity

##### Share Repurchase Program

On August 29, 2011, the Company's board of directors (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. As of June 30, 2019, 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.

#### J. Segment Information

The Company has 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 are subsidiaries of MtronPTI. The following table sets forth activity broken down by reportable business segment (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Revenues from Operations</b>				
Electronic components	\$ 7,462	\$ 5,834	\$ 13,793	\$ 11,565
Electronic instruments	376	323	677	537
Total consolidated revenues	\$ 7,838	\$ 6,157	\$ 14,470	\$ 12,102
<b>Operating Income</b>				
Electronic components	\$ 1,096	\$ 621	\$ 1,654	\$ 1,171
Electronic instruments	71	40	164	42
Unallocated corporate expense	(311)	(172)	(528)	(566)
Total operating income	856	489	1,290	647
Interest income, net	-	(6)	1	6
Other income, net	117	67	270	91
Total other income	117	61	271	97
<b>Income Before Income Taxes</b>	<b>\$ 973</b>	<b>\$ 550</b>	<b>\$ 1,561</b>	<b>\$ 744</b>

Operating income is equal to revenues less cost of sales and operating expenses, excluding investment income, interest expense, and income taxes.

#### K. Domestic and Foreign Revenues

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Malaysia	\$ 854	\$ 772	\$ 1,679	\$ 1,467
Hong Kong	167	128	434	233
All other foreign countries	784	647	1,401	1,281
Total foreign revenues	\$ 1,805	\$ 1,547	\$ 3,514	\$ 2,981
Total domestic revenue	\$ 6,033	\$ 4,610	\$ 10,956	\$ 9,121

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

## L. Commitments and Contingencies

In the ordinary 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.

## M. 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 are included in right-of-use lease assets, and other accrued expense in our consolidated balance sheet. 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 based on the information available at the lease commencement date in determining the present value of lease payments. The incremental borrowing rate for operating leases that commenced in the period is determined by using the prior quarter end's incremental borrowing rates. Leases with an initial term of 12 months or less are not recorded on the balance sheet, and we recognize lease expense for these leases on a straight-line basis over the lease term.

Certain leases include 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.

During the six months ended June 30, 2019 we renewed a lease on one of our facilities resulting in the addition of \$318,000 in right-of-use lease assets in exchange for operating lease liabilities.

Future minimum lease payment obligations under operating leases are as follows:

	June 30, 2019	December 31, 2018
2019 (six months at June 30, 2019)	\$ 58	\$ 117
2020	92	35
2021	88	26
2022	64	—
2023	64	—
Thereafter	63	—
Total lease payments	429	178
Less: interest	(21)	(8)
Total lease payments	\$ 408	\$ 170

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

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the accompanying condensed consolidated financial statements, the notes thereto and the other unaudited financial data included in this Quarterly Report on Form 10-Q. The following discussion should also be read in conjunction with the audited consolidated financial statements and the notes thereto, 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, 2018. The terms "we," "us," "our," and the "Company" refer to The LGL Group, Inc. and unless otherwise defined herein, capitalized terms used herein shall have the same meanings as set forth in our condensed consolidated financial statements and the notes thereto.

### Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q of the Company and the Company's other communications and statements, other than historical facts, may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company intends for all such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act and Section 21E of the Exchange Act, as applicable by law. Such statements include, in particular, 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. Therefore, such statements are not intended to be a guarantee of the Company's performance in future periods. 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 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on March 21, 2019, this Quarterly Report on Form 10-Q and our other filings with the SEC. 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 Quarterly Report on Form 10-Q. 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.

### Results of Operations

#### Backlog

As of June 30, 2019, our order backlog was \$24,482,000, which is an increase of 69.1% compared to the backlog of \$14,478,000 as of June 30, 2018. The increase reflects the Company's stronger execution in delivering design wins coupled with favorable market conditions. We have also been building backlog faster than our growth in revenues due to orders being received sooner than planned. 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 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 our entire order backlog within the next twelve months, but cannot provide assurances as to what portion of the order backlog will be fulfilled in a given year.

#### Three months ended June 30, 2019 compared to three months ended June 30, 2018

##### Consolidated Revenues and Gross Margin

Total revenues for the three months ended June 30, 2019 were \$7,838,000, an increase of \$1,681,000, or 27.3%, from revenues of \$6,157,000 for the three months ended June 30, 2018. Revenues increased across all product categories, including increased filter sales of \$1,029,000, increased crystal and oscillator sales of \$413,000, and increased sales of \$147,000 from sales of purchased products, along with our time and frequency products, which increased \$53,000.

Consolidated gross margin, which is consolidated revenues less manufacturing cost of sales, as a percentage of revenues decreased slightly to 40.0% for the three months ended June 30, 2019, from 41.6% for the three months ended June 30, 2018. The decrease reflects a shift in our product mix shipped during the quarter. The Company continues to execute its long-term strategic shift toward higher margin products, but there are still fluctuations of product mix in the short-term.

##### Stock-Based Compensation

For the three months ended June 30, 2019 and 2018, stock-based compensation expense was \$6,000. Compensation expense related to stock-based compensation is recognized over the applicable vesting periods. As of June 30, 2019, there was approximately \$20,000 of total unrecognized compensation expense related to unvested stock-based compensation arrangements.

#### *Operating Income*

Operating income of \$856,000 for the three months ended June 30, 2019 was an improvement of \$367,000 from operating income of \$489,000 for the three months ended June 30, 2018. This was primarily due to the increase in revenues, net of the reduction in gross margin from the changes in product mix noted above.

#### *Other Income, Net*

For the three months ended June 30, 2019, other income, net was \$117,000 compared to \$67,000 for the three months ended June 30, 2018. The current period other income, net consists of \$120,000 gain from our investment portfolio. The prior period other income, net includes a \$73,000 gain from our investment portfolio.

#### *Income Tax Provision*

We recorded a tax provision of \$34,000 and \$78,000 for the three months ended June 30, 2019 and 2018, respectively. The balance results primarily from income in our foreign subsidiaries.

#### *Net Income*

Net income for the three months ended June 30, 2019 was \$939,000 compared to \$472,000 for the three months ended June 30, 2018 due to the factors noted above. Basic and diluted net income per share for the three months ended June 30, 2019 and 2018 was \$0.19 and \$0.10, respectively.

#### **Six months ended June 30, 2019 compared to six months ended June 30, 2018**

#### *Consolidated Revenues and Gross Margin*

Total revenues for the six months ended June 30, 2019 were \$14,470,000, an increase of \$2,368,000, or 19.6%, from revenues of \$12,102,000 for the six months ended June 30, 2018. Revenues increased across all product categories including increased filter sales of \$1,374,000, increased crystal and oscillator sales of \$497,000, increased sales of \$309,000 from purchased products, and increased sales from our time and frequency products of \$140,000.

Consolidated gross margin, which is consolidated revenues less manufacturing cost of sales, as a percentage of revenues decreased slightly to 38.3% for the six months ended June 30, 2019, from 39.6% for the six months ended June 30, 2018. The decrease reflects a shift in our product mix shipped during the quarter. The Company continues to execute its long-term strategic shift toward higher margin products, but there are still fluctuations of product mix in the short-term.

#### *Stock-Based Compensation*

For the six months ended June 30, 2019 and 2018, stock-based compensation expense was \$12,000 and \$13,000, respectively. Compensation expense related to stock-based compensation is recognized over the applicable vesting periods. As of June 30, 2019, there was approximately \$20,000 of total unrecognized compensation expense related to unvested stock-based compensation arrangements.

#### *Operating Income*

Operating income of \$1,290,000 for the six months ended June 30, 2019 was an improvement of \$643,000 from operating income of \$647,000 for the six months ended June 30, 2018. This was primarily due to the increase in revenues, net of the reduction in gross margin from the changes in product mix noted above.

#### *Other Income, Net*

For the six months ended June 30, 2019, other income, net was \$270,000 compared to \$91,000 for the six months ended June 30, 2018. The current period other income, net consists primarily of the \$265,000 gain from our investment portfolio. The prior period other income, net includes a \$104,000 gain from our investment portfolio.

#### *Income Tax Provision*

We recorded a tax provision of \$40,000 and \$79,000 for the six months ended June 30, 2019 and 2018, respectively. The balance results primarily from income in our foreign subsidiaries.

#### *Net Income*

Net income for the six months ended June 30, 2019 was \$1,521,000 compared to \$665,000 for the six months ended June 30, 2018 due to the factors noted above. Basic and diluted net income per share for six months ended June 30, 2019 and 2018 was \$0.31 and \$0.14, respectively.

### ***Liquidity and Capital Resources***

As of June 30, 2019 and December 31, 2018, cash and cash equivalents were \$9,820,000 and \$15,508,000, respectively. In the first quarter of 2019, we invested \$5,000,000 in an equity mutual fund, which is classified as marketable securities on our consolidated balance sheets.

Cash (used in) provided by operating activities was \$(264,000) and \$270,000 for the six months ended June 30, 2019 and 2018, respectively. The \$534,000 decrease was due primarily to a year-over-year increase in net income of \$389,000, offset by a year-over-year change in working capital accounts of \$(380,000), and decreases in non-cash adjustments for gain on marketable securities of \$(65,000).

Cash used in investing activities for the six months ended June 30, 2019 and 2018 was \$5,692,000 and \$202,000, respectively. The increase in the use of cash was primarily due to the purchase of \$5,000,000 in marketable securities in the first quarter, and \$692,000 in increased capital expenditures.

For the six months ended June 30, 2019, cash provided by financing activities represented \$268,000 received by the Company for the exercise of stock options. For the six months ended June 30, 2018, financing activities represented \$22,000 received by the company for the exercise of stock options.

As of June 30, 2019, our consolidated working capital was \$25,598,000 compared to \$24,633,000 as of December 31, 2018. As of June 30, 2019, we had current assets of \$29,813,000, current liabilities of \$4,215,000 and a ratio of current assets to current liabilities of 7.07 to 1.00. As of December 31, 2018, we had current assets of \$27,385,000, current liabilities of \$2,752,000 and a ratio of current assets to current liabilities of 9.95 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 be sufficient to meet our ongoing working capital and capital expenditure requirements for the next 12 months from the date of this filing.

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. 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.

### ***Critical Accounting Policies***

Our accounting policies and unaudited condensed consolidated financial statements have been established to conform with GAAP. The preparation of financial statements in conformity with GAAP requires us to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. We believe we have made these estimates and assumptions in an appropriate manner and in a way that accurately reflects our financial condition. We continually test and evaluate these estimates and assumptions using historical knowledge of the business, as well as other factors, to ensure that they are reasonable for reporting purposes. However, actual results may differ from these estimates and assumptions. We believe that the accounting policies related to the following accounts or activities are those that are most critical to the portrayal of our financial condition and results of operations and require the more significant judgments and estimates:

- Revenue recognition;
- Accounts receivable allowance;
- Inventory valuation;
- Intangible assets;
- Income taxes; and
- Segment information.

There have been no significant changes to our critical accounting policies from those described in Note A – Accounting and Reporting Policies to the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, except as described in Note B.

### ***Off-Balance Sheet Arrangements***

We do not have any off-balance sheet arrangements.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable.

**Item 4. 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. In designing and evaluating the disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and we necessarily were required to apply our judgment in evaluating whether the benefits of the controls and procedures that we adopt outweigh their costs.

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, an evaluation as of June 30, 2019 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 June 30, 2019, were effective at the reasonable assurance level.

*Changes in Internal Control Over Financial Reporting*

There were no changes in our internal controls over financial reporting during the six months ended June 30, 2019, or in other factors that could significantly affect these controls, that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II

OTHER INFORMATION

**Item 1. Legal Proceedings.**

In the ordinary course of business, we may become subject to litigation or claims. We are not aware of any material pending legal proceedings, other than ordinary routine litigation incidental to our business, to which we are a party or to which our properties are subject.

**Item 1A. Risk Factors.**

Not applicable.

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

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. There is no expiration date for this program. As of June 30, 2019, the Company has 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; however, no shares were repurchased by the Company during the six months ended June 30, 2019.

**Item 6. Exhibits.**

The following exhibits are included, or incorporated by reference, in this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 (and are numbered in accordance with Item 601 of Regulation S-K):

Exhibit No.	Description
3.1	<a href="#">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).</a>
3.2	<a href="#">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).</a>
3.3	<a href="#">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).</a>
31.1*	<a href="#">Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1**	<a href="#">Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2**	<a href="#">Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

\* Filed 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 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

**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.

Date: **August 12, 2019**

By: /s/ Michael J. Ferrantino, Sr.  
Michael J. Ferrantino, Sr.  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: **August 12, 2019**

By: /s/ James W. Tivy  
James W. Tivy  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Ferrantino, Sr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of The LGL Group, Inc. for the quarterly period ended June 30, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 12, 2019

/s/ Michael J. Ferrantino, Sr.

Name: Michael J. Ferrantino, Sr.  
Title: President and Chief Executive Officer  
(Principal Executive Officer)

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James W. Tivy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The LGL Group, Inc. for the quarterly period ended June 30, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 12, 2019

/s/ James W. Tivy

Name: James W. Tivy  
Title: Chief Financial Officer  
(Principal Financial Officer)

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

In connection with the quarterly report of The LGL Group, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Ferrantino, Sr., Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 12, 2019

/s/ Michael J. Ferrantino, Sr.

Name: Michael J. Ferrantino, Sr.

Title: President and Chief Executive Officer  
(Principal Executive Officer)

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

In connection with the quarterly report of The LGL Group, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James W. Tivy, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 12, 2019

/s/ James W. Tivy

Name: James W. Tivy  
Title: Chief Financial Officer  
(Principal Financial Officer)