



LGL Group, Inc. (LGL)

Mark To Market Valuation Of IRNT Shares Creates Volatility In LGL's Results; Half Of IRNT Shares Sold For \$19 Million; Increasing Price Target To \$19 (\$16); Maintain Moderately Risky Rating

	2019		2020		2021E		2022E	
		OLD	NEW	OLD	NEW	OLD	NEW	
Mar.	\$0.10	\$0.04		\$0.00		\$0.10		
June	0.15	0.04		(0.02)	0.09	0.10		
Sep.	0.91	0.11		0.09	0.08A	0.11		
Dec.	0.18	(0.04)		0.09	0.11	0.14		
EPS	\$1.34	\$0.14		\$0.15	\$0.28	\$0.45		
P/E				43.3	26.9x			

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. 2019 EPS includes \$0.67 in tax valuation allowance. 2019 and 2020 EPS include share-based compensation expense of \$0.00 and \$0.05, respectively. Our 2021 and 2022 EPS estimates include \$0.06 in share based compensation, respectively. We have also adjusted for realized and unrealized gains and losses on the IRNT investment of \$7.47 and \$3.04, in 2021 and 2022, respectively. Sum of quarterly EPS may not equal full-year total due to rounding and/or changes in the diluted share count. NC = Not Covered by Sidoti & Co. LLC.

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E
Rev.(Mil.)	\$26.2	\$23.0	\$20.7	\$20.9	\$22.4	\$24.9	\$31.9	\$31.2	\$28.8	\$33.1
GAAP EPS	(\$3.17)	(\$1.09)	(\$0.27)	\$0.06	\$0.04	\$0.29	\$1.41	\$0.19	\$7.75	\$3.49

Description: The LGL Group, Inc., (www.lglgroup.com) is a holding company that through its two principal subsidiaries, MtronPTI and PTF, designs, manufactures and markets highly-engineered electronic components used to control the frequency or timing of signals in electronic circuits. The company also designs high performance frequency and time reference standards that form the basis for timing and synchronization in various applications. The company is headquartered in Orlando, FL.

- **Operating revenue of \$7.5 million, which was above our projection of \$7.4 million, declined from \$8.1 million in 3Q:20 which was helped by a catch-up of COVID-19 related delayed shipments from prior quarters.**
- **LGL reported other income of \$40.4 million from its SPAC investment as they switched from fair value to mark to market valuation of the investment.**
- **Subsequent to 3Q:21 LGL sold 1.4 million IRNT shares for \$16.9 million (well above the original investment of \$6.1 million) and has 1.4 million IRNT shares remaining, including 1.3 million that are restricted until early next year.**
- **The spin-off of the MTronPTI business to a separately traded entity is pending shareholder vote for approval. A spin-off would allow both companies to better address their strategic plans and growth opportunities.**
- **LGL ended 3Q:21 with \$16 million in cash and remains debt free. The marketable securities of \$51 million are based on the share price of IRNT as of the last trading day of 3Q:21.**
- **We raise our price target to \$19 (from \$16), based on 20x our 2022 EPS estimate of \$0.45 (our estimate is adjusted to include \$0.06 in stock-based compensation expense), plus our increased projected net cash per share of \$10.29 (from \$5.60) at the close of 2022.**
- **The company's business operations, strong balance sheet, management team and Board of Directors, with a solid history of creating value and with interests aligned with general shareholders, support our Moderately Risky rating.**

3Q:21 results impacted by the IRNT investment. Revenue of \$7.5 million in 3Q:21 was better than our projection of \$7.4 million; on a year over year basis revenue declined 7% against a tough comparison in 3Q:20 which saw a catch-up of delayed orders from prior quarters due to COVID-19 imposed challenges. Gross margin of 36.2% came in lower than our projection of 39.0% but improved from 35.5% in 3Q:20, helped by a favorable product mix and cost reductions. 3Q:21 EPS of \$5.97 was favorably impacted by the investment in

NR

Price Target: \$19

Price: \$12.12

Risk Rating: M

Anja Soderstrom

(212) 453-7019

(asoderstrom@sidoti.com)

Key Statistics

Analysts Covering	1
Market Cap (Mil)	\$60
Enterprise Value	\$43
52-Week Range (NYSE)	15-9
5-Year EPS CAGR	36%
Avg. Daily Trading Volume	17,000
Shares Out (Mil)	5.310
Float Shares (Mil)	3.722
Insider Ownership	29%
Institutional Holdings	22%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (2022E)	(\$0.15)
FCF Yield (2022E)	-1.2%
Net Cash Per Share (2022E)	\$10.29
Price to Book Value	1.6x
Return on Equity (2022E)	19.1%
Total Debt to Capital	2%
Interest Coverage Ratio	205.3x
Short Interest %	0.2%
Short Interest Days To Cover	1.4
Russell 2000	2,328
Russell 2000 – Last 12 Months	30.6%
LGL – Last 12 Months	34.5%



LGL Group, Inc.

Source: FactSet Prices

IronNet; adjusted to exclude this investment, EPS would have been \$0.08, a penny below our projection. Adjusted EBITDA of \$0.7 million in 3Q:21 was lower than the \$0.8 million reported in 3Q:20, the decline is mainly attributed to the lower 3Q:21 revenue partially offset by higher margins. Quarterly bookings increased 13.8% year over year in 3Q:21 and while orders have shown sequential improvement throughout the year, they remain below pre-COVID-19 levels. For 3Q:21 LGL reported other income of \$40.4 million related to the IRNT investment, consisting of \$60.2 million in gains on equity investment and a \$19.8 million unrealized fair value loss. IRNT's shares have been rather volatile and closed the quarter at \$17.05 (currently the stock trades around \$9 per share). As IRNT's share price fluctuates LGL's results will continue to be volatile based on the unrealized gains and losses on the shares remaining.

Exhibit 1. LGL Group Quarterly Earnings Variance Table

(\$ in millions, except per share data)	3Q21A	3Q:21E	Variance	3Q:20A	Y/Y % Change
Revenue	\$7.5	\$7.4	\$0.1	\$8.1	-7%
Gross profit	2.7	2.9	(\$0.2)	2.9	-5%
Gross margin	36.2%	39.0%		35.5%	
Adjusted EBITDA	0.719	0.806	-0.1	0.9	-23%
Adjusted EBITDA margin	9.6%	10.1%		11.5%	
Adjusted EPS	0.08	0.09	-0.002	0.11	-22%

Sources: Company reports and Sidoti & Co., LLC estimates

LGL sold 1.4 million IRNT shares for \$16.9 million with 1.4 million shares remaining to capitalize. LGL invested \$6.1 million in the sponsor of the SPAC that merged with IronNet, which became tradable on September 30. LGL received 2,065,000 warrants and 1,572,529 shares in IRNT on September 14th. LGL exercised the warrants and received 1,271,406 shares on October 1st and during October LGL sold 1,405,315 IRNT shares for \$16.9 million, leaving LGL with 1,388,620 shares remaining, after donating 50,000 shares to charity; of these 1,250,000 shares are restricted for at least six months following IRNT's business combination. We adjust or model to reflect the sale of the 1.4 million shares in 4Q:21, assuming no further sales than have been announced. For modeling purpose, we also assume that the closing price of IRNT stock at end of 4Q:21 is \$12 and that it increases by \$1 in 1Q:22 and are divested at \$14 per share for a total of \$19 million in 2Q:22. Based on these assumptions we project LGL will have gained a total economic value of \$36 million on its \$6.1 million investment in IRNT.

LGL looks to potentially divest the MTronPTI business. LGL's Board has authorized a potential spin-off of the MTronPTI business into a newly created and separately traded public company. MTronPTI makes up almost all of LGL's revenue and profits. As a holding company with a long history, LGL has successfully spun off several businesses. We note that there was an attempt to spin off MTronPTI as independently traded entity in 2000, but this was aborted due to market conditions. The spin-off is pending a shareholder vote and if the spin-off is completed, LGL shareholders would own shares of both companies with most of the cash and investments remaining in LGL.

We highlight a debt free balance sheet, strong cash position and consistent cash flow generation. LGL remains debt free and exited 3Q:21 with \$16 million in cash. Per our model, after divesting the remaining 1.4 million of IRNT shares at an assumed price per share of \$14, we project LGL will conclude 2022 with \$49 million in cash and no debt. Mario and Marc Gabelli have about a 25% stake in LGL Group and have a strong influence over the company with Marc Gabelli serving as the Chairman. We think management will continue to deploy the balance sheet to create economic value for shareholders, whether that be acquiring an operating business or undertaking further financial investments.

Valuation	We increase our price target to \$19 (from \$16) and maintain a Moderate Risk rating on LGL shares. Our increased \$19 price target is based on 20x our unchanged 2022 EPS estimate of \$0.45 (adjusted to include \$0.06 in stock-based compensation expense), plus our projected 2022 net cash per share of \$10.29. (Our prior \$16 price target was based on 20x our 2022 EPS estimate of \$0.45 and \$5.60 in net projected net cash per share at end of 2022 and adding \$1 for the SPAC investment.) We also note, LGL currently trades at 0.6x our projected 2022 book value per share of \$18.25. The company's business operations, strong balance sheet and management team and Board of Directors, with a solid history of creating value and interests aligned with general shareholders, support our Moderately Risky rating on LGL shares.		
Key Risks	Execution	LGL is dependent on a single line of business	Customer concentration

Table 1. LGL Group Income Statement

(\$s in million, except per share data)

	2019	2020	1Q	2Q	3Q	4QE	2021E	1QE	2QE	3QE	4QE	2022E
Revenue	31.9	31.2	6.5	6.9	7.5	7.9	28.8	7.6	8.0	8.0	9.5	33.1
Cost of Revenue	19.4	20.2	4.4	4.2	4.8	4.8	18.2	4.6	4.9	4.8	5.7	20.0
Gross profit	12.5	10.9	2.1	2.7	2.7	3.1	10.7	3.0	3.1	3.2	3.9	13.1
<i>Gross margin</i>	39%	35%	32.7%	39.7%	36.2%	39.0%	37.0%	39.0%	39.0%	40.0%	41%	40%
Engineering, R&D, selling and administrative	9.1	9.5	2.2	2.1	3.5	2.4	10.1	2.3	2.4	2.4	2.8	9.9
Costs and expenses	28.5	29.7	6.6	6.3	8.2	7.2	28.3	6.9	7.3	7.2	8.5	29.9
Operating income / loss	3.4	1.4	-0.1	0.6	-0.7	0.7	0.5	0.7	0.7	0.8	1.0	3.3
<i>Operating margin</i>	10.8%	4.5%	-0.9%	9.0%	-9.9%	9.0%	1.8%	9.0%	9.0%	10.0%	11.0%	9.8%
Interest expense / (income), net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Loss) Gain on equity investment	0.0	-0.2	-0.1	-0.6	60.2	16.9	76.4	0.0	19.4	0.0	0.0	19.4
Unrealized gain(loss) on marketable securities	0.0	0.0	0.0	0.0	-18.9	-5.5	-24.3	1.4	0.0	0.0	0.0	1.4
Other income / expense, net	0.5	-0.1	0.2	0.0	0.2	0.2	0.6	0.2	0.1	0.1	0.1	0.5
Total non-operating income / expense, net	0.5	-0.1	0.1	-0.6	41.6	11.6	52.6	1.5	19.5	0.1	0.1	21.3
Income / loss before income taxes	3.9	1.3	0.0	0.0	40.8	12.3	53.1	2.2	20.3	0.9	1.1	24.5
Income tax (expense) / benefit	3.1	-0.3	0.0	0.0	-9.0	-2.7	-11.8	-0.5	-4.5	-0.2	-0.2	-5.4
Net income / loss	7.0	1.0	0.0	0.0	31.8	9.6	41.4	1.7	15.8	0.7	0.9	19.1
<i>Diluted shares outstanding</i>	5.0	5.2	5.4	5.3	5.3	5.4	5.3	5.4	5.5	5.5	5.6	5.5
Diluted EPS	1.41	0.19	0.01	0.00	5.97	1.78	7.75	0.32	2.89	0.13	0.16	3.49
Diluted EPS adjusted	1.34	0.14	0.00	0.09	0.08	0.11	0.28	0.10	0.10	0.11	0.14	0.45
Non-GAAP												
Income before income taxes	4.4	1.8	0.2	0.1	41.0	12.3	53.6	2.2	20.3	0.9	1.1	24.5
Non-cash stock compensation	0.1	0.8	0.1	0.0	0.0	0.1	0.2	0.1	0.1	0.1	0.1	0.3
Investment loss / income	-0.5	-0.2	-0.1	-0.1	-60.2	-16.9	-77.3	0.0	-19.4	0.0	0.0	-19.4
Gain/loss on equity method investments	0.0	0.3	0.1	0.7	18.6	5.5	24.8	-1.4	0.0	0.0	0.0	-1.4
Other adjustments	0.0	0.0	-	0.0	1.3	0.0	1.3	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	4.0	2.7	0.2	0.8	0.7	1.0	2.6	0.9	0.9	1.0	1.2	4.0
<i>Adjusted EBITDA margin</i>	12.6%	8.6%	3.0%	11.1%	9.6%	12.2%	9.2%	12.0%	11.3%	12.2%	12.9%	12.1%
Growth analysis:												
Revenue	28%	-2%	-24%	-3%	-7%	7%	-8%	16%	16%	7%	21%	15%
Adjusted EPS	411%	-90%	-113%	192%	-145%	NM	42%	NM	-22%	-329%	18%	135%
Adjusted EBITDA	106%	-33%	-72%	124%	-23%	38%	-1%	364%	17%	36%	27%	52%

Sources: Company reports and Sidoti & Company, LLC

LGL GROUP, INC.

Table 2. LGL Group Cash Flow Statement

(\$s in million, except per share data)

	<u>2019</u>	<u>2020</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4QE</u>	<u>2021E</u>	<u>1QE</u>	<u>2QE</u>	<u>3QE</u>	<u>4QE</u>	<u>2022E</u>
Net income / loss	7.0	1.0	0.0	0.0	31.8	9.6	41.4	1.7	15.8	0.7	0.9	19.1
Depreciation	0.4	0.5	0.1	0.1	0.1	0.1	0.5	0.1	0.1	0.1	0.1	0.5
Amortization of finite-lived intangible assets	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Stock-based compensation	0.0	0.3	0.1	0.0	0.0	0.1	0.2	0.1	0.1	0.1	0.1	0.3
Loss from equity investment in unconsolidated subsidiary	0.1	0.8	0.1	0.7	-18.9	-16.9	-76.3	0.0	-19.4	0.0	0.0	-19.4
Gain (loss) on marketable securities	-3.2	0.3	-0.1	-0.1	18.9	5.5	24.1	-1.4	0.0	0.0	0.0	-1.4
Deferred income tax expense (benefit)	-0.2	-0.1	0.0	0.0	9.0	0.0	9.1	0.0	0.0	0.0	0.0	0.1
Other, net	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable, net	-1.1	0.3	0.2	-0.7	-0.4	0.8	-0.1	0.4	-0.2	0.0	-0.8	-0.6
Inventories, net	-1.6	0.7	-0.1	-0.2	0.3	0.0	0.0	0.1	0.1	0.1	0.1	0.2
Prepaid expenses and other assets	-0.2	0.2	-0.2	0.1	-0.1	0.0	-0.2	0.0	0.0	0.0	0.0	-0.1
Accounts payable, accrued compensation and other accrued liabilities	1.2	-0.7	0.2	-0.3	-0.3	0.2	-0.2	0.2	0.2	0.2	0.2	0.8
Operating cash flow	2.7	3.2	0.4	-0.4	0.2	-0.6	-1.4	1.2	-3.4	1.2	0.6	-0.4
Sale (purchase) of marketable securities, net	-5.1	0.0	0.0	0.0	0.0	16.9	16.9	0.0	19.4	0.0	0.0	19.4
Equity investment in unconsolidated subsidiary	-3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital expenditures	-1.2	-0.4	-0.1	-0.3	-0.4	-0.3	-1.1	-0.1	-0.1	-0.1	-0.1	-0.4
Acquisition of a business	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from sale of assets	3.4	0.0	0.0	0.0	0.5	0.0	0.5	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	-2.7	0.0	0.0	-2.7	0.0	0.0	0.0	0.0	0.0
Investing cash flow	-6.2	-0.4	-0.1	-3.1	0.1	16.6	13.6	-0.1	19.3	-0.1	-0.1	19.0
Net proceeds from revolving credit agreement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Costs) proceeds from issuance of common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from at-the-market stock sales	0.0	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from stock option exercise	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from warrant exercise	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing cash flow	0.4	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase in cash and cash equivalents	-3.1	5.9	0.3	-3.4	0.3	16.0	12.2	1.1	16.0	1.1	0.5	18.6
Beginning cash	15.5	12.5	18.3	18.7	15.3	15.6	18.3	30.5	31.6	47.6	48.6	30.5
Ending cash	12.5	18.3	18.7	15.3	15.6	31.5	30.5	31.6	47.6	48.6	49.1	49.1
Free cash flow	1.5	2.8	0.3	-0.7	-0.2	-0.9	-2.5	1.1	-3.5	1.1	0.5	-0.8
Free cash flow per share	0.30	0.53	0.06	-0.13	-0.03	-0.17	-0.47	0.20	-0.63	0.19	0.09	-0.15

Sources: Company reports and Sidoti & Company, LLC

LGL GROUP, INC.

Table 3. LGL Group Balance Sheet

(\$s in millions, except per share data)

	<u>2016</u>	<u>2019</u>	<u>2020</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4QE</u>	<u>2021E</u>	<u>1QE</u>	<u>2QE</u>	<u>3QE</u>	<u>4QE</u>	<u>2022E</u>
Cash and cash equivalents	2.8	12.5	18.3	18.7	15.3	15.6	31.5	31.5	31.6	47.6	48.6	49.1	49.1
Marketable securities	2.8	5.6	5.8	5.9	6.0	50.8	23.7	23.7	23.7	7.5	7.5	7.5	7.5
Accounts receivable, net of allowances	3.5	4.4	4.1	3.9	4.7	5.0	4.2	4.2	3.8	4.0	4.0	4.8	4.8
Inventories, net	3.6	6.0	5.3	5.3	5.5	5.3	5.3	5.3	5.3	5.2	5.1	5.1	5.1
Prepaid expenses and other current assets	0.2	0.4	0.3	0.4	0.3	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6
Total current assets	12.9	28.9	33.8	34.2	31.7	77.1	65.1	65.1	66.2	64.7	65.8	67.0	67.0
Land	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Buildings and improvements	4.0	4.7	4.8	4.8	4.8	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Machinery and equipment	16.8	17.5	17.8	17.8	18.2	18.5	18.8	18.8	18.9	19.0	19.1	19.2	19.2
Gross property, plant and equipment	21.4	22.7	23.1	23.2	23.5	23.9	24.2	24.2	24.3	24.4	24.5	24.6	24.6
Accumulated depreciation	-18.7	-19.9	-20.3	-20.5	-20.6	-20.7	-20.5	-20.5	-20.5	-20.5	-20.5	-20.5	-20.5
Right-of-use lease asset	0.0	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Equity investment in unconsolidated subsidiary	0.0	3.3	3.1	5.7	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangible assets, net	0.6	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Deferred income taxes, net	0.2	3.3	3.1	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets, net	0.2	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	16.6	39.2	43.5	46.5	43.4	80.9	69.4	69.4	70.6	69.2	70.4	71.7	71.7
Subscription agreement payable	0.0	0.0	0.0	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	1.5	1.9	1.3	1.5	1.6	1.4	1.6	1.6	1.8	2.0	2.2	2.4	2.4
Accrued compensation and commissions expense	0.9	1.8	1.3	1.5	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other accrued expenses	0.3	0.4	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Note payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current liabilities	2.8	4.1	3.4	6.3	3.3	3.0	3.2	3.2	3.4	3.6	3.8	4.0	4.0
Long-term liabilities	0.0	0.2	0.3	0.3	0.2	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
Total liabilities	2.8	4.3	3.7	6.6	3.5	9.2	9.4	9.4	9.6	9.8	10.0	10.2	10.2
Common stock	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Additional paid-in capital	29.2	41.6	45.5	45.6	45.6	45.6	55.2	55.2	56.9	72.7	73.4	74.3	74.3
Retained earnings (accumulated deficit)	-14.7	-6.2	-5.2	-5.2	-5.2	26.6	26.6	26.6	26.6	26.6	26.6	26.6	26.6
Treasury stock, shares held in treasury at cost	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6
Accumulated other comprehensive income / loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total stockholders' equity	13.9	34.9	39.8	39.9	39.9	71.7	81.3	81.3	83.0	98.8	99.5	100.4	100.4
Total liabilities and stockholders' equity	16.6	39.2	43.5	46.5	43.4	80.9	90.7	90.7	92.6	108.6	109.5	110.6	110.6
Net cash (incl marketable securities)	5.5	18.1	24.1	24.6	21.2	66.4	55.2	55.2	55.2	55.1	56.1	56.6	56.6
Net cash per share	2.08	3.64	4.63	4.60	4.03	12.47	10.27	10.36	10.18	10.05	10.16	10.15	10.29
Book value per share	5.21	7.02	7.63	7.45	7.56	13.46	15.12	15.24	15.30	18.04	18.01	18.01	18.25
ROE	1.1%	20.1%	2.4%					50.9%					19.1%

Sources: Company reports and Sidoti & Company, LLC

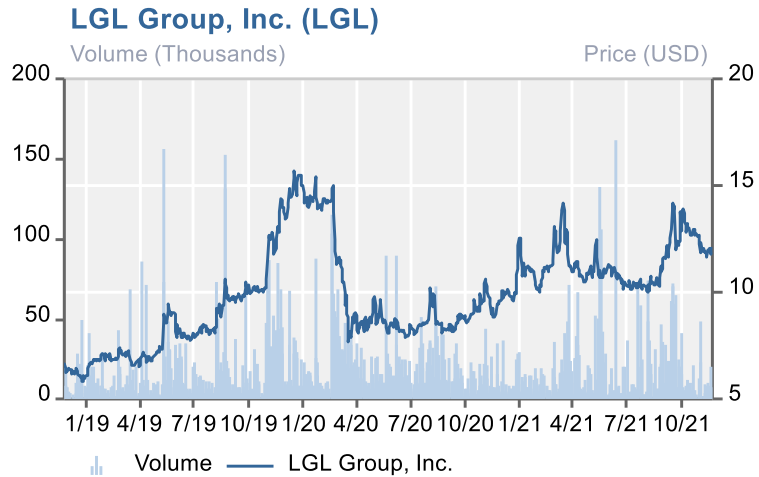
Appendix
Required Disclosures

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LGL Group, Inc. (LGL-\$12.12) NR Price Target: \$19 Risk Rating: M

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Initiation	7/8/21	10.2	NR	14	M
PT	8/10/21	10.4		14	
PT	8/12/21	10.4		16	



Valuation	We increase our price target to \$19 (from \$16) and maintain a Moderate Risk rating on LGL shares. Our increased \$19 price target is based on 20x our unchanged 2022 EPS estimate of \$0.45 (adjusted to include \$0.06 in stock-based compensation expense), plus our projected 2022 net cash per share of \$10.29. (Our prior \$16 price target was based on 20x our 2022 EPS estimate of \$0.45 and \$5.60 in net projected net cash per share at end of 2022 and adding \$1 for the SPAC investment.) We also note, LGL currently trades at 0.6x our projected 2022 book value per share of \$18.25. The company's business operations, strong balance sheet and management team and Board of Directors, with a solid history of creating value and interests aligned with general shareholders, support our Moderately Risky rating on LGL shares.		
Key Risks	Execution	LGL is dependent on a single line of business	Customer concentration

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