

## Risk Factors Comparison 2025-03-31 to 2024-04-01 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Investing in our securities involves risks. Before making an investment decision, you should carefully consider the risks described below. Any of these risks could result in a material adverse effect on our business, financial condition, results of operations, or prospects, and could cause the trading price of our securities to decline, resulting in a loss of all or part of your investment. The risks and uncertainties described below are not the only ones we face but represent those risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also harm our business. Unless otherwise stated, all dollar amounts are in thousands. Summary Risk Factors

**Risks** Relating to Our Structure • We have engaged, and in the future may engage, in transactions with our affiliates. • We are subject to the risk of becoming an investment company under the Investment Company Act. • We may structure transactions in a less advantageous manner to avoid becoming subject to the Investment Company Act. ~~7Risks~~ **Risks** Relating to Liquidity and Capital Requirements • We are a holding company and depend on the businesses of our subsidiaries to satisfy our obligations. • We have made significant investments and negative performance of those investments may result in a significant decline in the value and could impact our cash flows. **Risks** Relating to Our Merchant Investment Business • The Company has made and may make material investments in special purpose vehicles that may not be successful. • Our investments may be subject to significant uncertainties. • The historical financial information for the Merchant Investment business is not necessarily indicative of its future performance. • The Merchant Investment business' s investment strategy involves numerous and significant risks, including the risk that we may lose some or all of our investments in the Merchant Investment business. This risk may be magnified due to concentration of investments and investments in undervalued securities. • We may not be able to identify suitable investments, and our investments may not result in favorable returns or may result in losses. • The Merchant Investment business may make investments in companies we do not control. • The use of leverage in investments by the Merchant Investment business may pose a significant degree of risk and may enhance the possibility of significant loss in the value of the investments in the Merchant Investment business. • The possibility of increased regulation could result in additional burdens on our Merchant Investment business. • The ability to hedge investments successfully is subject to numerous risks. • The Merchant Investment business may invest in distressed securities, as well as bank loans, asset backed securities and mortgage- backed securities. • The Merchant Investment business may invest in companies that are based outside of the United States, which may expose the Merchant Investment business to additional risks not typically associated with investing in companies that are based in the United States. • The Merchant Investment business' investments are subject to numerous additional risks. ~~Risks~~ **Risks** Related to Our Business and Industry • Macroeconomic fluctuations may harm our business, results of operations and stock price. • **Changes in United States trade policies, including the imposition of tariffs and retaliatory tariffs, may adversely impact our business, financial condition, and results of operations**. • Inflation and changing interest rates may adversely affect our financial condition and results of operations. • We are currently dependent on a single line of manufacturing business. • Our financial results vary significantly from period to period. • Our order backlog may not be indicative of future revenues. • Our future rate of growth and profitability are highly dependent on the development and growth of the communications, networking, aerospace, defense, instrumentation and industrial markets, which are cyclical. • The market share of our customers in the communications, networking, aerospace, defense, instrumentation and industrial markets may change over time, reducing the potential value of our relationships with our existing customer base. • The loss or decrease in sales among one of our top customers, or a material change in the terms on which they are willing to buy from us, could have a substantial negative impact on our sales and operating results. • We may make acquisitions that are not successful, or we may fail to integrate acquired businesses into our operations properly. • If we are unable to introduce innovative products, demand for our products may decrease. • Our markets are highly competitive, and we may lose business to larger and better- financed competitors. • Our success depends on our ability to retain key management and technical personnel and attracting, retaining, and training new technical personnel. • We purchase certain key components and raw materials from single or limited sources and could lose sales if these sources fail to fulfill our needs for any reason. • As a supplier to U. S. Government defense contractors, we are subject to a number of procurement regulations and other requirements and could be adversely affected by changes in regulations or any negative findings from a U. S. Government audit or investigation. • Our products are complex and may contain errors or design flaws, which could be costly to correct. • Communications and network infrastructure equipment manufacturers increasingly rely upon contract manufacturers, thereby diminishing our ability to sell our products directly to those equipment manufacturers. • Future changes in our environmental liability and compliance obligations may increase costs and decrease profitability. • We rely on information technology systems to conduct our business, and disruption, failure or security breaches of these systems could adversely affect our business and results of operations. • Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and / or damage to our business relationships, all of which could negatively impact our financial results. • ~~Significant legal proceedings may adversely affect our business, results of operations, or financial condition.~~ ~~8Risks~~ **Risks** Related to Our Securities • The price of our common stock has fluctuated considerably and is likely to remain volatile, in part due to the limited market for our common stock. • Our officers, directors and 10 % or greater stockholders have significant voting power and may vote their shares in a manner that is not in the best interest of other stockholders. • The warrants to purchase shares of our common stock may not have any value. • An active trading market for the warrants to purchase shares of our common stock may not be sustained. • Holders of the warrants to

purchase shares of our common stock will have no rights as a common stockholder until such holders exercise their warrants and acquire shares of our common stock. • Adjustments to the exercise price of the warrants, or the number of shares of common stock for which the warrants are exercisable, following certain corporate events may not fully compensate warrant holders for the value they would have received if they held the common stock underlying the warrants at the time of such events. • As a smaller reporting company, we are subject to scaled disclosure requirements that may make it more challenging for investors to analyze our results of operations and financial prospects.

**Risks 9Risks** Related to the Separation • We may be unable to achieve some or all of the expected benefits of the Separation, and the Separation may adversely affect our business. • The Separation could result in substantial tax liability to us and our stockholders. • The distribution of MtronPTI common stock may not qualify for tax-free treatment. • As a result of the Separation, certain of our directors and officers may have actual or potential conflicts of interest because of their positions or relationships with MtronPTI.

**Risks 10Risks** Related to Our Structure We have engaged, and in the future may engage, in transactions with our affiliates. We have engaged, and in the future may engage, in transactions with our affiliates. Certain cash equivalents and marketable securities held and invested in various mutual funds are managed or advised by GAMCO Investors, Inc. or one of its subsidiaries (collectively, "GAMCO" or the "Fund Manager"), which is related to the Company through certain of our shareholders, who is also a greater than 10 % stockholders and serves as an executive officer of the Fund Manager. In addition, we may in the future invest in entities in which the Fund Manager also invests. We also have purchased and may in the future purchase entities or investments from the Fund Manager or its affiliates. All investments, including those in related party mutual funds, are overseen by the independent Investment Committee of the Board of Directors (the "Investment Committee"). The Investment Committee meets regularly to review the alternatives and has determined the current investments most reflect the Company's objective of lower cost, market return and adherence to having a larger proportion of underlying investments directly in United States Treasuries. Because we are a holding company and a significant portion of our assets may, from time to time, consist of investments in companies in which we own less than a 50 % interest, we run the risk of inadvertently becoming an investment company that is required to register under the Investment Company Act. Events beyond our control, including significant appreciation or depreciation in the market value of certain of our publicly traded holdings or adverse developments with respect to our ownership of certain of our subsidiaries, could result in our inadvertently becoming an investment company that is required to register under the Investment Company Act. Transactions involving the sale of certain assets could result in our being considered an investment company. Following such events or transactions, an exemption under the Investment Company Act would provide us up to one year to take steps to avoid becoming classified as an investment company. We expect to take steps to avoid becoming classified as an investment company, but no assurance can be made that we will successfully be able to take the steps necessary to avoid becoming classified as an investment company. If we are unsuccessful, then we will be required to register as a registered investment company and will be subject to extensive, restrictive and potentially adverse regulations relating to, among other things, operating methods, management, capital structure, dividends and transactions with affiliates. Registered investment companies are not permitted to operate their business in the manner in which we currently operate our business, nor are registered investment companies permitted to have many of the relationships that we have with our affiliated companies. If it were established that we were an investment company and did not register as an investment company when required to do so, there would be a risk, among other material adverse consequences, that we could become subject to monetary penalties or injunctive relief, or both, in an action brought by the SEC, that we would be unable to enforce contracts with third parties or that third parties could seek to obtain rescission of transactions with us undertaken during the period it was established that we were an unregistered investment company. In order not to become an investment company required to register under the Investment Company Act, we monitor the value of our investments and structure our operations and transactions to qualify for exemptions under the Investment Company Act. As a result, we may structure transactions in a less advantageous manner than if we did not have Investment Company Act concerns, or we may avoid otherwise economically desirable transactions due to those concerns.

**9We 10We** are a holding company and we conduct substantially all of our business activities through our subsidiaries. In addition to cash and cash equivalents, U. S. government and agency obligations, marketable equity and debt securities and other short-term investments, our assets consist primarily of investments in our subsidiaries. Moreover, if we make significant investments in new operating businesses, it is likely that we will reduce our liquid assets in order to fund those investments and the ongoing operations of our subsidiaries. Consequently, our cash flow and our ability to meet our contractual obligations likely will depend on the cash flow of our subsidiaries and the payment of funds to us by our subsidiaries in the form of dividends, distributions, loans or otherwise. The operating results of our subsidiaries may not be sufficient to make distributions to us. In addition, our subsidiaries are not obligated to make funds available to us and distributions and intercompany transfers from our subsidiaries to us may be restricted by applicable law or covenants contained in debt agreements and other agreements to which these subsidiaries may be subject or enter into in the future. We have made significant investments and negative performance of those investments may result in a significant decline in the value and could impact our cash flows. As of December 31, **2023 2024**, we had investments in Cash and cash equivalents and Marketable securities with a fair market value of \$ **40 41, 733 602**, which may be accessed on short notice to satisfy our liquidity needs. However, if the investments experience negative performance, the value of these investments will be negatively impacted, which could have a material adverse effect on our operating results, cash flows and financial position. The Company has made and may make material investments in special purpose vehicles that may not be successful. The Company **has** invested \$ 6.1 million in LGL Systems, the **past** sponsor of LGL I, a NYSE-listed SPAC trading under the symbol "DFNS" which later completed a business combination with IronNet Cybersecurity, Inc. and **in** began trading on the **future** NYSE under the symbol "IRNT." The Company may form additional SPVs to facilitate the acquisition of companies **in the future**, which may be material to the Company. There is no assurance that such activity may occur, that the Company will have appropriate insurance for such an occurrence, or that its Board will endorse such activity. There is no assurance that any SPAC will be successful with IPO, that any SPAC or SPV will complete a business combination, or that any

business combination will be successful. If invested, the Company can lose its entire investment in the SPAC if a business combination is not completed within 24 months of the SPAC's IPO or if the business combination is not successful, which may adversely impact the Company's stockholder value. If an investment is made through an SPV, the investment may not be successful, which could also impact the Company's stockholder value. Our investments may not be successful for many reasons, including, but not limited to: • fluctuations of or sustained increases in interest rates; • lack of control in minority investments; • worsening of general economic and market conditions; • lack of diversification; • lack of success of the Merchant Investment business's strategies; • inflationary conditions; • fluctuations of U. S. dollar exchange rates; and • adverse legal and regulatory developments that may affect particular businesses. The historical financial information for our Merchant Investment business is not necessarily indicative of our future performance. Our Merchant Investment business's financial information is driven by the amount of funds allocated to the Merchant Investment business and the performance of the underlying investments. Future funds allocated to the Merchant Investment business may increase or decrease based on the contributions and redemptions by our holding company. Additionally, historical performance results of the Merchant Investment business are not indicative of future results as past market conditions, investment opportunities and investment decisions may not occur in the future. Changes in general market conditions coupled with changes in exposure to short and long positions have significant impact on our Merchant Investment business results of operations and the comparability of results of operations year over year and as such, future results of operations will be impacted by our future exposures and future market conditions, which may not be consistent with prior trends. Additionally, future returns may be affected by additional risks, including risks of the industries and businesses in which a particular fund invests. ~~10~~**11**Our Merchant Investment business's revenue depends on the investments made by the Merchant Investment business. There are numerous and significant risks associated with these investments, certain of which are described in this risk factor and in other risk factors set forth herein. Certain investment positions held by the Merchant Investment business may be illiquid. The Merchant Investment business may own restricted or non-publicly traded securities and securities traded on foreign exchanges. We may also have significant influence with respect to certain companies owned by the Merchant Investment business, including representation on the board of directors of certain companies, and may be subject to trading restrictions with respect to specific positions in the Merchant Investment business at any particular time. These investments and trading restrictions could prevent the Merchant Investment business from liquidating unfavorable positions promptly and subject the Merchant Investment business to substantial losses. At any given time, the Merchant Investment business's assets may become highly concentrated within a particular company, industry, asset category, trading style or financial or economic market. In that event, the Merchant Investment business's investment portfolio will be more susceptible to fluctuations in value resulting from adverse events, developments or economic conditions affecting the performance of that particular company, industry, asset category, trading style or economic market than a less concentrated portfolio would be. As a result, the Merchant Investment business's investment portfolio's aggregate returns may be volatile and may be affected substantially by the performance of only one or a few holdings. The Merchant Investment business seeks to invest in securities that are undervalued. The identification of investment opportunities in undervalued securities is challenging, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Merchant Investment business's investments may not adequately compensate for the business and financial risks assumed. From time to time, the Merchant Investment business may invest in bonds or other fixed income securities, such as commercial paper and higher yielding (and, therefore, higher risk) debt securities. It is likely that a major economic recession could severely disrupt the market for such securities and may have a material adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities. For reasons not necessarily attributable to any of the risks set forth in this Report (e. g., supply / demand imbalances or other market forces), the prices of the securities in which the Merchant Investment business invest may decline substantially. In particular, purchasing assets at what may appear to be undervalued levels is no guarantee that these assets will not be trading at even more undervalued or otherwise lower levels at a future time of valuation or at the time of sale. The prices of financial instruments in which the Merchant Investment business may invest can be highly volatile. Price movements of forward and other derivative contracts in which the Merchant Investment business's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Merchant Investment business is subject to the risk of failure of any of the exchanges on which their positions trade or of their clearinghouses. The equity securities in which we may invest may include common stock, preferred stock and securities convertible into common stock, as well as warrants to purchase these securities. The debt securities in which we may invest may include bonds, debentures, notes or non-rated mortgage-related securities, municipal obligations, bank debt and mezzanine loans. Certain of these securities may include lower rated or non-rated securities, which may provide the potential for higher yields and therefore may entail higher risk and may include the securities of bankrupt or distressed companies. In addition, we may engage in various investment techniques, including derivatives, options and futures transactions, foreign currency transactions, "short" sales and leveraging for either hedging or other purposes. We may concentrate our activities by owning significant or controlling interests in certain investments. We may not be successful in finding suitable opportunities to invest our cash and our strategy of investing in undervalued assets may expose us to numerous risks. Investments by the Merchant Investment business may include investments in debt or equity securities of publicly traded companies or private companies that we do not control. Such investments may be acquired by the Merchant Investment business through open market trading activities or through purchases of securities from the issuer. These investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which our Merchant Investment

business disagree or that the majority of stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve the best interests of the Merchant Investment business. In addition, the Merchant Investment business may make investments in which it shares control over the investment with co-investors, which may make it more difficult for it to implement its investment approach or exit the investment when it otherwise would. If any of the foregoing were to occur, the values of the investments by the Merchant Investment business could decrease and our Merchant Investment business revenues could suffer as a result. ~~11The~~ **12The** Merchant Investment business may leverage its capital if management believes that the use of leverage may enable the Merchant Investment business to achieve a higher rate of return. Accordingly, the Merchant Investment business may pledge their securities in order to borrow additional funds for investment purposes. The Merchant Investment business may also leverage their investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings that the Merchant Investment business may have outstanding at any time may be substantial in relation to their capital. While leverage may present opportunities for increasing the Merchant Investment business' s total return, leverage may increase losses as well. Accordingly, any event that adversely affects the value of an investment by the Merchant Investment business would be magnified to the extent such fund is leveraged. The cumulative effect of the use of leverage by the Merchant Investment business in a market that moves adversely to the Merchant Investment business' s investments could result in a substantial loss to the Merchant Investment business that would be greater than if the Merchant Investment business were not leveraged. There is no assurance that leverage will be available on acceptable terms, if at all. In general, the use of short-term margin borrowings results in certain additional risks to the Merchant Investment business. For example, should the securities pledged to brokers to secure any Merchant Investment business' s margin accounts decline in value, the Merchant Investment business could be subject to a "margin call," pursuant to which it must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of any of the Merchant Investment business' s assets, the Merchant Investment business might not be able to liquidate assets quickly enough to satisfy its margin requirements. The Merchant Investment business may enter into repurchase and reverse repurchase agreements. When the Merchant Investment business enters into a repurchase agreement, it "sells" securities issued by the U. S. or a non- U. S. government, or agencies thereof, to a broker- dealer or financial institution, and agrees to repurchase such securities for the price paid by the broker- dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Merchant Investment business "buys" securities issued by the U. S. or a non- U. S. government, or agencies thereof, from a broker- dealer or financial institution, subject to the obligation of the broker- dealer or financial institution to repurchase such securities at the price paid by the Merchant Investment business, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by any of the Merchant Investment business involves certain risks. For example, if the seller of securities to the Merchant Investment business under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Merchant Investment business will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Merchant Investment business' s ability to dispose of the underlying securities may be restricted. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Merchant Investment business may suffer a loss to the extent it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. The financing used by the Merchant Investment business to leverage its portfolio will be extended by securities brokers and dealers in the marketplace in which the Merchant Investment business invest. While the Merchant Investment business will attempt to negotiate the terms of these financing arrangements with such brokers and dealers, its ability to do so will be limited. The Merchant Investment business is therefore subject to changes in the value that the broker- dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and / or such broker- dealer' s willingness to continue to provide any such credit to the Merchant Investment business. Because the Merchant Investment business currently have no alternative credit facility which could be used to finance its portfolio in the absence of financing from broker- dealers, it could be forced to liquidate its portfolio on short notice to meet its financing obligations. The forced liquidation of all or a portion of the Merchant Investment business' s portfolios at distressed prices could result in significant losses to the Merchant Investment business. The Dodd- Frank Wall Street Reform and Consumer Protection Act (the "Reform Act"), enacted into law in July 2010, resulted in regulations affecting almost every part of the financial services industry. The regulatory environment in which our Merchant Investment business operates is subject to further regulation in addition to the rules already promulgated, including the Reform Act. Our Merchant Investment business may be adversely affected by the enactment of new or revised regulations, or changes in the interpretation or enforcement of rules and regulations imposed by the SEC, other U. S. or foreign governmental regulatory authorities or self- regulatory organizations that supervise the financial markets. Such changes may limit the scope of investment activities that may be undertaken by the Merchant Investment business' s managers. Any such changes could increase the cost of our Merchant Investment business doing business and / or materially adversely impact its profitability. Additionally, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self- regulatory organizations and exchanges have taken and are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Merchant Investment business and the Merchant Investment business could be substantial and adverse. ~~12The~~ **13The** Merchant Investment business may utilize financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Merchant Investment business' s investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Merchant Investment business' s unrealized gains in the value of

its investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Merchant Investment business' s portfolio; (v) hedge the interest rate or currency exchange rate on any of the Merchant Investment business' s liabilities or assets; (vi) protect against any increase in the price of any securities our Merchant Investment business anticipate purchasing at a later date; or (vii) for any other reason that our Merchant Investment business deems appropriate. The success of any hedging activities will depend, in part, upon the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. However, hedging techniques may not always be possible or effective in limiting potential risks of loss. Since the characteristics of many securities change as markets change or time passes, the success of our Merchant Investment business' s hedging strategy will also be subject to the ability of our Merchant Investment business to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Merchant Investment business may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Merchant Investment business than if it had not engaged in such hedging transactions. For a variety of reasons, the Merchant Investment business may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Merchant Investment business from achieving the intended hedge or expose the Merchant Investment business to risk of loss. The Merchant Investment business does not intend to seek to hedge every position and may determine not to hedge against a particular risk for various reasons, including, but not limited to, because they do not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge. Our Merchant Investment business may not foresee the occurrence of the risk and therefore may not hedge against all risks. The Merchant Investment business may invest in distressed securities, as well as bank loans, asset backed securities and mortgage- backed securities. The Merchant Investment business may invest in securities of U. S. and non- U. S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type may involve substantial financial, legal and business risks that can result in substantial, or at times even total, losses. The market prices of such securities are subject to abrupt and erratic market movements and above- average price volatility. It may take a number of years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate insolvency and reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash, assets or a new security the value of which will be less than the purchase price to the Merchant Investment business of the security in respect to which such distribution was made and the terms of which may render such security illiquid. Investments in securities of non- U. S. issuers (including non- U. S. governments) and securities denominated or whose prices are quoted in non- U. S. currencies pose, to the extent not successfully hedged, currency exchange risks (including blockage, devaluation and non- exchangeability), as well as a range of other potential risks, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non- U. S. issuers, and non- U. S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U. S. issuers. Transaction costs of investing in non- U. S. securities markets are generally higher than in the United States. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the United States. The Merchant Investment business may have greater difficulty taking appropriate legal action in non- U. S. courts. Non- U. S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Merchant Investment business' s performance. Investments in non- U. S. markets may result in imposition of non- U. S. taxes or withholding on income and gains recognized with respect to such securities. There can be no assurance that adverse developments with respect to such risks will not materially adversely affect the Merchant Investment business' s investments that are held in certain countries or the returns from these investments. 13The 14The Merchant Investment business' s investments are subject to numerous additional risks including those described below. • Generally, there are few limitations set forth in the governing documents of the Merchant Investment business on the execution of its investment activities, which are subject to the sole discretion of our management and the Investment Committee of the Board of Directors. • The Merchant Investment business may buy or sell (or write) both call options and put options, and when it writes options, it may do so on a covered or an uncovered basis. When the Merchant Investment business sell (or write) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is covered. If it is covered, the Merchant Investment business would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. Swaps and certain options and other custom instruments are subject to the risk of non- performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk. • The Merchant Investment business may engage in short- selling, which is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. The Merchant Investment business may be subject to losses if a security lender demands return of the borrowed securities and an alternative lending source cannot be found or if the Merchant Investment business are otherwise unable to borrow securities that are necessary to hedge its positions. There can be no assurance that the Merchant Investment business will be able to maintain the ability to borrow securities sold short. There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. • The ability of the Merchant Investment business to execute a short selling strategy may be materially adversely impacted by temporary and / or new permanent rules, interpretations,

prohibitions and restrictions adopted in response to adverse market events. Regulatory authorities may from time- to- time impose restrictions that adversely affect the Merchant Investment business' s ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, the Merchant Investment business may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. • The Merchant Investment business may affect transactions through over- the- counter or inter- dealer markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of exchange- based markets. This exposes the Merchant Investment business to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Merchant Investment business to suffer a loss. Such" counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Merchant Investment business have concentrated its transactions with a single or small group of its counterparties. The Merchant Investment business is not restricted from dealing with any particular counterparty or from concentrating any or all of the Merchant Investment business' s transactions with one counterparty. • Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by other institutions. This systemic risk may materially adversely affect the financial intermediaries (such as prime brokers, clearing agencies, clearing houses, banks, securities firms and exchanges) with which the Merchant Investment business interact on a daily basis. • The efficacy of investment and trading strategies depends largely on the ability to establish and maintain an overall market position in a combination of financial instruments. The Merchant Investment business' s trading orders may not be executed in a timely and efficient manner due to various circumstances, including systems failures or human error. In such event, the Merchant Investment business might only be able to acquire some but not all of the components of the position, or if the overall positions were to need adjustment, the Merchant Investment business might not be able to make such adjustment. As a result, the Merchant Investment business may not be able to achieve the market position selected by our Merchant Investment business and might incur a loss in liquidating their position. • The Merchant Investment business assets may be held in one or more accounts maintained for the Merchant Investment business by its prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions. The prime broker, other brokers (including those acting as sub- custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions in the event of their insolvency. Accordingly, the practical effect of these laws and their application to the Merchant Investment business' s assets may be subject to substantial variations, limitations and uncertainties. The insolvency of any of the prime brokers, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of the Merchant Investment business' s assets or in a significant delay in the Merchant Investment business having access to those assets. • The Merchant Investment business may invest in synthetic instruments with various counterparties. In the event of the insolvency of any counterparty, the Merchant Investment business' s recourse will be limited to the collateral, if any, posted by the counterparty and, in the absence of collateral, the Merchant Investment business will be treated as a general creditor of the counterparty. While the Merchant Investment business expect that returns on a synthetic financial instrument may reflect those of each related reference security, as a result of the terms of the synthetic financial instrument and the assumption of the credit risk of the counterparty, a synthetic financial instrument may have a different expected return. The Merchant Investment business may also invest in credit default swaps. Our

**15Our** business, financial condition, operating results and cash flows may be adversely affected by changes in global economic conditions and geopolitical risks, including credit market conditions, trade policies , tariffs , levels of consumer and business confidence, commodity prices and availability, inflationary pressure, exchange rates, levels of government spending and deficits, political conditions, global pandemics, and other challenges that could affect the global economy including impacts associated with the continuing developments in the Russian war against Ukraine, sanctions which have been announced by the United States and other countries against Russia, conflicts in Israel and the Middle East, and attacks on cargo ships in the Red Sea, which have caused significant uncertainty, adding to continuing concerns about global trade flows, supply chain disruptions, higher transportation costs, higher inflation and increases in interest rates in the markets in which we operate. These economic and geopolitical conditions could affect businesses such as ours in a number of ways. Such conditions could have an adverse impact on our flexibility to react to changing economic and business conditions and on our ability to fund our operations. In addition, restrictions on credit availability could adversely affect the ability of our customers to make payments. Similarly, credit restrictions may adversely affect our supplier base and increase the potential for one or more of our suppliers to experience financial distress. **During the first Trump Administration from 2017 to 2021, certain tariffs and retaliatory tariffs, as well as other trade restrictions, were imposed on various products and materials. President Trump again has signaled that his new Administration will impose tariffs and retaliatory tariffs against U. S. trading partners. During his election campaign, President Trump indicated that he would impose a 25 % tariff against all goods imported from Canada and Mexico, a 60 % tariff on goods from China, and a blanket tariff of 10 % to 20 % on other imports to the U. S. On February 1, 2025, President Trump issued an Executive Order imposing tariffs at various levels on imports from Canada, Mexico, and China. The newly imposed tariffs have resulted in immediate threats of retaliatory tariffs against U. S. goods and resulted in discussions with the countries which have delayed many of the U. S. imposed tariffs while discussion with each trading partner continue. The above and other potential tariffs and trade restrictions may cause the prices of our vendors' products to increase, which could reduce demand for such products, or reduce our vendors' margins, and adversely impact their revenues, financial results, and ability to service debt. This in turn could adversely affect our financial condition and results of operations. In addition, to the extent changes in the political environment have a negative impact on us or on the markets in which we operate our business, our results of operations and financial condition could be materially and adversely impacted in the future. At this time, it remains unclear what the U. S.**

**government or foreign governments will or will not do with respect to additional tariffs that may be imposed or international trade agreements and policies.** ~~Inflation~~ **Inflation** and changing interest rates may adversely affect our financial condition and results of operations. Inflation in the United States decreased from 6.5 % as of December 31, ~~2022~~ **2023** to ~~3.2~~ **4.9** % as of December 31, ~~2023~~ **2024**, which is still above the U. S. Federal Reserve's long- term target of 2.0 %.

~~Although inflation~~ **Inflation** is expected to ~~remain elevated~~ **continue to decrease** in ~~2024~~ **2025**, ~~and~~ the continued higher inflation may have an adverse impact on our ~~manufacturing~~ **Manufacturing** cost of sales along with ~~engineering~~ **Engineering**, selling and administrative expenses, as these costs could increase at a rate higher than our revenue. The U. S. Federal Reserve ~~raised~~ **decreased** the federal funds rate a total of ~~four~~ **three** times throughout ~~2023~~ **2024**, resulting in a range from ~~5.4~~ **5.4** .25 % to ~~5.4~~ **5.4** .50 % as of December 31, ~~2023~~ **2024**. However, it is expected that the U. S. Federal Reserve will ~~hold~~ **continue to decrease** the federal funds rate steady ~~or start to decrease it~~ during ~~2024~~ **2025** to, among other things, control inflation. If interest rates ~~start~~ **continue** to decline, the returns generated by our investments in U. S. Treasuries could be adversely impacted. As a result of the Separation of MtronPTI on October 7, 2022, we are engaged only in the design, manufacture and marketing of our electronic instruments product line that includes highly engineered products for the generation of time and frequency references for synchronization and control. Given our reliance on this single line of business, any decline in demand for this product line or failure to achieve continued market acceptance of existing and new versions of this product line may harm our business and our financial condition. Additionally, unfavorable market conditions affecting this line of business would likely have a disproportionate impact on us in comparison with certain competitors, who have more diversified operations and multiple lines of business. Should this line of business fail to generate sufficient sales to support ongoing operations, there can be no assurance that we will be able to develop alternate business lines. We experience fluctuations in our financial results. Some of the principal factors that contribute to these fluctuations include changes in demand for our products; our effectiveness in managing manufacturing processes, costs and inventory; our effectiveness in engineering and qualifying new product designs with our OEM customers and in managing the risks associated with offering those new products into production; changes in the cost and availability of raw materials, which often occur in the electronics manufacturing industry and which affect our margins and our ability to meet delivery schedules; macroeconomic and served industry conditions; and events that may affect our production capabilities, such as labor conditions and political instability. In addition, due to the prevailing economic climate and competitive differences between the various market segments which we serve, the mix of sales between our communications, networking, aerospace, defense, industrial and instrumentation market segments may affect our operating results from period to period. For the years ended December 31, ~~2024 and 2023 and 2022~~, we had a net income of approximately \$ ~~432 and \$ 269 and a net loss of \$ 2,992~~, respectively. This fluctuation was a result of ~~the higher Net sales of our and Net investment income partially offset by higher expenses in IronNet, Inc. in 2022, which resulted in significant net losses~~. Our operating income was derived from PTF, whose future rate of growth and profitability are highly dependent on the development and growth of demand for our products in the communications, networking, aerospace, defense, instrumentation and industrial markets, which ~~are~~ **can be** cyclical, as well as net investment income from investments held by the Company. We cannot be certain whether we will generate sufficient revenues or sufficiently manage expenses to sustain profitability. Further, our returns on our cash and investments may not be sufficient to cover operating losses from PTF. ~~Our~~ **16**Our order backlog is comprised of orders that are subject to specific production release, orders under written contracts, oral and written orders from customers with which we have had long- standing relationships and written purchase orders from sales representatives. Our customers may order products from multiple sources to ensure timely delivery when backlog is particularly long and may cancel or defer orders without significant penalty. They also may cancel orders when business is weak, and inventories are excessive. As a result, we cannot provide assurances as to the portion of backlog orders to be filled in a given year, and our order backlog as of any particular date may not be representative of actual revenues for any subsequent period. In ~~2024 and 2023 and 2022~~, the majority of our revenues were derived from sales to manufacturers of equipment for the defense, aerospace, instrumentation and industrial markets for frequency and timing synchronization instruments and peripheral equipment, including indirect sales through distributors. During ~~2024~~ **2025**, we expect a significant portion of our revenues to continue to be derived from sales to these manufacturers. Often OEMs and other service providers within these markets have experienced periods of capacity shortage and periods of excess capacity, as well as periods of either high or low demand for their products. In periods of excess capacity or low demand, purchases of capital equipment may be curtailed, including equipment that incorporates our products. A reduction in demand for the manufacture and purchase of equipment for these markets, whether due to cyclical, macroeconomic or other factors, or due to our reduced ability to compete based on cost or technical factors, could substantially reduce our net sales and operating results and adversely affect our financial condition. Moreover, if these markets fail to grow as expected, we may be unable to maintain or grow our revenues. The multiple variables which affect the communications, networking, aerospace, defense, instrumentation and industrial markets for our products, as well as the number of parties involved in the supply chain and manufacturing process, can impact inventory levels and lead to supply chain inefficiencies. As a result of these complexities, we have limited visibility to forecast revenue projections accurately for the near and medium- term timeframes. We have developed long- term relationships with our existing customers, including pricing contracts, custom designs and approved vendor status. If these customers lose market share to other equipment manufacturers in the communications, networking, aerospace, defense, instrumentation and industrial markets with whom we do not have similar relationships, our ability to maintain revenue, margin or operating performance may be adversely affected. ~~15A~~ **A** significant percentage of our sales has been, and is expected to be, concentrated among a relatively small number of customers. In ~~2023~~ **2024**, the Company's ~~two~~ **two** largest customers accounted for \$ ~~310, or 13.9 %, and second \$ 261, or 11.7 %, respectively, of the Company's Net sales. In 2023, the Company's two largest customers accounted for \$ 399, or 23.1 %, and \$ 236, or 13.7 %, respectively, of the Company's Net net sales. In 2022, the Company's largest and second largest customers accounted for \$ 312, or 18.9 %, and \$ 195, or 11.8 %, respectively, of the Company's net sales.~~ We anticipate that this concentration of sales among these customers will continue in the future.

The loss of a significant customer, changes in customer buying behaviors or a substantial decrease in sales to such a customer could have a material adverse effect on our sales and operating results. In addition, any consolidation among our key customers may further increase our customer concentration risk. Because our sales are concentrated, and the industry in which we operate is very competitive, we are under ongoing pressure from our customers to offer lower prices, extend payment terms, increase marketing and transportation allowances, provide enhanced rebates, discounts, rights of return and credits and offer other terms more favorable to these customers. These customer demands have put continued pressure on our operating margins and profitability and in the future could have a material adverse effect on our business, financial condition and results of operations. We intend to continue exploring opportunities to buy other businesses or technologies that could complement, enhance, or expand our current business or product line, or that might otherwise offer us growth opportunities. We may have difficulty finding such opportunities or, if such opportunities are identified, we may not be able to complete such transactions for reasons including a failure to secure necessary financing. Any transactions that we are able to identify and complete may involve a number of risks, including: —• The diversion of our management's attention from the management of our existing business to the integration of the operations and personnel of the acquired or combined business or joint venture; —• Material business risks not identified in due diligence; —• Possible adverse effects on our operating results during the integration process; —• Substantial acquisition-related expenses, which would reduce our net income, if any, in future years; —• The loss of key employees and customers as a result of changes in management; and —• Our possible inability to achieve the intended objectives of the transaction. In addition, we may not be able to integrate, operate, maintain or manage, successfully or profitably, our newly acquired operations or employees. We may not be able to maintain uniform standards, controls, policies and procedures, and this may lead to operational inefficiencies. Any of these difficulties could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our future operating results are dependent on our ability to develop, introduce and market innovative products continually, to modify existing products, to respond to technological change and to customize some of our products to meet customer requirements. There are numerous risks inherent in this process, including the risks that we will be unable to anticipate the direction of technological change or that we will be unable to develop and market new products and applications in a timely or cost-effective manner to satisfy customer demand. Our markets are highly competitive worldwide, with low transportation costs and few import barriers. We compete principally on the basis of product quality and reliability, availability, customer service, technological innovation, timely delivery and price. Within the industries in which we compete, competition has become increasingly concentrated and global in recent years. Many of our major competitors, some of which are larger than us, and potential competitors have substantially greater financial resources and more extensive engineering, manufacturing, marketing and customer support capabilities. If we are unable to successfully compete against current and future competitors, our operating results will be adversely affected. Our future growth and success will depend in large part upon our ability to recruit highly-skilled technical personnel, including engineers, and to retain our existing management and technical personnel. There is a labor shortage in the markets in which we operate which are highly competitive, and some of our operations are not located in highly populated areas. As a result, we may not be able to recruit and retain key personnel. Our failure to hire, retain or adequately train key personnel could have a negative impact on our performance. If single-source components or key raw materials were to become unavailable on satisfactory terms, and we could not obtain comparable replacement components or raw materials from other sources in a timely manner, our business, results of operations and financial condition could be harmed. On occasion, one or more of the components used in our products have become unavailable, resulting in unanticipated redesign and related delays in shipments. Changes in global economic and geopolitical conditions have disrupted supply chains and the ability to obtain components and raw materials around the world for all companies, including us. We cannot give assurance that we will be able to obtain the necessary components and raw materials necessary to conduct our business. In addition, our suppliers may be impacted by compliance with environmental regulations including RoHS and Waste Electrical and Electronic Equipment ("WEEE"), which could disrupt the supply of components or raw materials or cause additional costs for us to implement new components or raw materials into our manufacturing processes. As a supplier to certain U. S. Government defense contractors, we must comply with certain procurement regulations and other requirements. Maintaining registration under the SAM is critical in order to receive U. S. Government contracts. As a small business we obtain preferential treatment for awards from tier one Government contractors however to maintain this position we are required to submit annually "Representation and Certification" documents attesting to our size, revenue, and internal controls for anti-discrimination, avoidance of counterfeit components, and a number of other federally mandated issues. From time to time, we may also be subject to U. S. Government investigations relating to our or our customers' operations. In particular, for international business, we are required to submit a request for AES validation used by U. S. Government agencies to measure the compliance of U. S. exports with U. S. export control laws. The cost of cooperating or complying with such audits or investigations may adversely affect our financial results. When we release new products, or new versions of existing products, they may contain undetected or unresolved errors or defects. The vast majority of our products are custom designed for requirements of specific OEM systems. The expected business life of these products ranges from less than one year to more than 10 years depending on the application. Some of the customizations are modest changes to existing product designs while others are major product redesigns or new product platforms. Despite testing, errors or defects may be found in new products or upgrades after the commencement of commercial shipments. Undetected errors and design flaws have occurred in the past and could occur in the future. These errors could result in delays, loss of market acceptance and sales, diversion of development resources, damage to the Company's reputation, product liability claims and legal action by its customers and third parties, failure to attract new customers and increased service costs. There is a continuing trend among communications and network infrastructure equipment manufacturers to outsource the manufacturing of their equipment or components. As a result, our ability to persuade these OEMs to utilize our products in customer designs could be reduced and, in the absence of a manufacturer's specification of our products, the prices that we can charge for them may be subject to greater

competition. Our 18Our present and past manufacturing operations, products, and / or product packaging are subject to environmental laws and regulations governing air emissions, wastewater discharges, and the handling, disposal and remediation of hazardous substances, wastes and other chemicals. In addition, more stringent environmental regulations may be enacted in the future, and we cannot presently determine the modifications, if any, in our operations that any future regulations might require, or the cost of compliance that would be associated with such regulations. Environmental laws and regulations may cause us to change our manufacturing processes, redesign some of our products, and change components to eliminate some substances in our products in order to be able to continue to offer them for sale. We rely on information technology ("IT") systems in order to achieve our business objectives. We also rely upon industry accepted security measures and technology to securely maintain confidential information maintained on our IT systems. However, our portfolio of hardware and software products, solutions and services and our enterprise IT systems may be vulnerable to damage or disruption caused by circumstances beyond our control such as catastrophic events, power outages, natural disasters, computer system or network failures, computer viruses, cyber- attacks or other malicious software programs. The failure or disruption of our IT systems to perform as anticipated for any reason could disrupt our business and result in decreased performance, significant remediation costs, transaction errors, loss of data, processing inefficiencies, downtime, litigation and the loss of suppliers or customers. A significant disruption or failure could have a material adverse effect on our business operations, financial performance and financial condition. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to our investor relationships. As our reliance on technology increases, so will the risks posed to our information systems, both internal and those we outsource. There is no guarantee that any processes, procedures and internal controls we have implemented or will implement will prevent cyber intrusions, which could have a negative impact on our financial results, operations, business relationships or confidential information.

~~17Significant legal proceedings may adversely affect our business, results of operations, or financial condition. LGL Group, our subsidiaries, and their respective officers and directors may be subject to legal action in the ordinary course of our manufacturing and investment operations brought by holders of LGL Group securities, customers, employees, partners, investors, or others. Some of these legal proceedings may be brought on behalf of a class. Plaintiffs may seek large or indeterminate amounts of damage, including compensatory, liquidated, treble and / or punitive damages. Our reserves for litigation may be inadequate and insurance coverage may not be available or may be declined for certain matters. It is therefore inherently difficult to predict the size or scope of potential future losses arising from them, and developments in these matters could have a material adverse impact on our consolidated financial condition or our consolidated results of operations.~~ From January 1, 2023-2024 through December 31, 2023-2024, the high and low closing prices for our common stock were \$ 6. 14-58 and \$ 3-5. 96-05, respectively. There is a limited public market for our common stock, and we cannot provide assurances that a more active trading market will develop or be sustained. As a result of limited trading volume in our common stock, the purchase or sale of a relatively small number of shares could result in significant price fluctuations and it may be difficult for holders to sell their shares without depressing the market price for our common stock. Additionally, the market price of our common stock may continue to fluctuate significantly in response to a number of factors, some of which are beyond our control, including the following: —• General economic conditions affecting the availability of long- term or short- term credit facilities, the purchasing and payment patterns of our customers, or the requirements imposed by our suppliers; —• Economic conditions in our industry and in the industries of our customers and suppliers; —• Changes in financial estimates or investment recommendations by securities analysts relating to our common stock; —• Market reaction to our reported financial results; —• Loss of a major customer; —• Announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments; and —• Changes in key personnel. Our officers, directors and 10 % or greater stockholders control approximately 37. 5-3% of the voting power represented by our outstanding shares of common stock as of March 15-14, 2024-2025. If these stockholders act together, they may be able to exert significant control over our management and affairs requiring stockholder approval, including approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control and might adversely affect the market price of our common stock. This concentration of ownership may not be in the best interests of all of our stockholders. The 19The warrants to purchase shares of our common stock are " modified-European style warrants ." —Before the Separation, the warrants had an exercise price of \$ 12. 50 per share and only become exercisable on the earlier of (i) the expiration date, November 16, 2025, and (ii) such date that the 30- day volume weighted average price per share (" VWAP") of our common stock was greater than or equal to \$ 17. 50. Subsequent to the Separation, the warrant exercise price of \$ 12. 50 was adjusted to \$ 4. 75, and the warrant trigger price for potential acceleration of the exercise date of \$ 17. 50 was adjusted to \$ 6. 65. The previously announced distribution of MtronPTI shares under the Separation was a qualifying dilutive event that required an adjustment under Section 10 of the warrant agreement, with the exercise price of the warrants and the trigger price for the potential acceleration of the exercise date for its warrants adjusted using the calculation provided within the warrant agreement. The Once the warrants become became exercisable on March 4, they 2025, and may be exercised in accordance with the terms of the warrant agreement until their expiration. This exercise price does not necessarily bear any relationship to established criteria for valuation of our common stock, such as book value per share, cash flows, or earnings; and the holder of such warrant should not consider this exercise price as an indication of the current or future market price of our common stock. There can be no assurance that the market price of our common stock will exceed \$ 4. 75 per share at any time, on November 16, 2025, the expiration date of the warrants, —November 16, 2025—, or at any other time the warrants may be exercised prior to such date. If the warrants only become exercisable on the expiration date and the market price of our

common stock on such date does not exceed \$ 4.75 per share, the warrants will be of no value. ~~There can be no assurance that the 30-day VWAP of our common stock will be greater than or equal to \$ 6.65 at any time prior to the expiration date of the warrants, November 16, 2025. As a result, the warrants may become exercisable only on the expiration date. If the warrants may be exercised only on the expiration date and the holder thereof does not exercise its warrants on that date, such warrants will expire and be of no value.~~ 18 If an active market for the warrants to purchase shares of our common stock is not sustained, it may be difficult for the holders thereof to sell such warrants without depressing the market price for such securities. Until warrant holders acquire shares of our common stock upon exercise of the warrants, warrant holders will have no rights with respect to the shares of our common stock underlying such warrants. Upon the acquisition of shares of our common stock upon exercise of the warrants, the holders thereof will be entitled to exercise the rights of a common stockholder only as to matters for which the record date for the matter occurs after the exercise date of the warrants. The warrants provide for adjustments to the exercise price of the warrants following a number of corporate events, including (i) our issuance of a stock dividend or the subdivision or combination of our common stock, (ii) our issuance of rights, options or warrants to purchase our common stock at a price below the 10-day VWAP of our common stock, (iii) a distribution of capital stock of the Company or any subsidiary other than our common stock, rights to acquire such capital stock, evidences of indebtedness or assets, (iv) our issuance of a cash dividend on our common stock, and (v) certain tender offers for our common stock by the Company or one or more of our wholly-owned subsidiaries. The warrants also provide for adjustments to the number of shares of common stock for which the warrants are exercisable following our issuance of a stock dividend or the subdivision or combination of our common stock. Any adjustment made to the exercise price of the warrants or the number of shares of common stock for which the warrants are exercisable following a corporate event in accordance with these provisions may not fully compensate warrant holders for the value they would have received if they held the common stock underlying the warrants at the time of the event. Currently, we are a "smaller reporting company," meaning that our outstanding common stock held by non-affiliates had a market value of less than \$ 250 million as of June 30, 2023. As a "smaller reporting company," we are able to provide simplified executive compensation disclosures in our filings; are exempt from the provisions of Section 404 (b) of the Sarbanes-Oxley Act requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal control over financial reporting; and have certain other decreased disclosure obligations in our SEC filings, including, being required to provide only two years of audited financial statements in annual reports. Consequently, it may be more challenging for investors to analyze our results of operations and financial prospects. ~~We~~ **20** ~~We~~ may be unable to achieve some or all of the expected benefits of the Separation, and the Separation may adversely affect our business. Although we believe that separating MtronPTI into a stand-alone, publicly traded company has provided financial, operational and other benefits to us and our stockholders, we cannot provide assurance that we will achieve the full strategic and financial benefits expected from the Separation. If we do not realize the intended benefits of the Separation, we could suffer a material adverse effect on our business, financial conditions, results of operations and cash flows. We received an opinion of a tax expert to the effect that, for U. S. federal income tax purposes, the Separation qualifies for tax-free treatment under certain sections of the Internal Revenue Code. However, the opinion relies on certain assumptions, representations and undertakings, including those relating to the past and future conduct of our business, and the opinion would not be valid if such assumptions, representations and undertakings were incorrect. Furthermore, the opinion is not binding on the Internal Revenue Service ("IRS") or the courts. If, notwithstanding receipt of the opinion, the Separation or certain related transactions are determined to be taxable, we would be subject to a substantial tax liability. In addition, if the Separation is taxable, each holder of our common stock who received shares of Mtron Industries, Inc. in connection with the Separation would generally be treated as receiving a taxable dividend in an amount equal to the fair value of the shares received. Even if the Separation otherwise qualifies as a tax-free transaction, the distribution would be taxable to us (but not to our stockholders) in certain circumstances if future significant acquisitions of our stock or the stock of Mtron Industries, Inc. are determined to be part of a plan or series of related transactions that included the Separation. In this event, the resulting tax liability could be substantial. In connection with the Separation, we entered into a Tax Sharing and Indemnification Agreement with Mtron Industries, Inc., pursuant to which Mtron Industries, Inc. agreed to not enter into any transaction that could cause the Separation or any related transactions to be taxable to us without our consent and to indemnify us for any tax liability resulting from any such transaction. In addition, these potential tax liabilities may discourage, delay or prevent a change of control of us. ~~19 There~~ **There** is a risk that the Distribution may not qualify for tax-free treatment and, accordingly, will be a taxable transaction to the Company's stockholders. While the Distribution is intended to be tax-free under Section 355 of the Internal Revenue Code of 1986, as amended (the "Code"), and while we believe that the Company's stockholders should not recognize gain or loss as a result of the Distribution and that no amount should be included in their income as a result of the Distribution for U. S. federal income tax purposes, the Company nor MtronPTI has applied or will apply for a private letter ruling from the IRS with respect to the tax consequences of the Distribution. Accordingly, there can be no assurance that the IRS or another taxing authority will not assert that the Distribution is taxable to the Company, MtronPTI or the Company's stockholders. If the Distribution is determined to be taxable for U. S. federal income tax purposes, the receipt of MtronPTI common stock in the Separation is expected to be treated as a distribution of property in an amount equal to the fair market value of the stock received. We believe that a reasonable approach to determine the fair market value of the shares of MtronPTI common stock received would be to use the volume weighted average price of MtronPTI common stock on the first full trading day following the Distribution. In such circumstances, the Distribution of MtronPTI common stock in the Separation would be treated as ordinary dividend income to the extent considered paid out of the Company's current or accumulated earnings and profits (as determined under U. S. federal income tax principles). Distributions in excess of the Company's current year and accumulated earnings and profits will be treated as a non-taxable return of capital, which reduces basis, to the extent of the holder's basis in its shares of the Company's common stock, as applicable, and thereafter as capital gain. The amount of those earnings and profits is not determinable at this time because it will depend on the Company's income

for the entire tax year in which the distribution occurs. In connection with the Distribution, MtronPTI and LGL entered into a Tax Indemnity and Sharing Agreement pursuant to which MtronPTI and LGL will be responsible for certain liabilities and obligations following the Distribution. In general, under the terms of the tax matters agreement, if the Distribution, together with certain related transactions, were to fail to qualify as a tax- free transaction under Sections 355 and 368 (a) (1) (D) of the Code (including as a result of Section 355I of the Code) if such failure were the result of actions taken after the Distribution by the LGL or MtronPTI, then the party responsible for such failure will be responsible for all taxes imposed on LGL to the extent such taxes result from such actions. As a result of the Separation, Marc Gabelli serves as special advisor to the Chairman of the Board of Directors of MtronPTI and serves as Chairman of the Board of Directors and co- Chief Executive Officer of the Company ~~and Michael J. Ferrantino serves as Chief Executive Officer and as a director of MtronPTI and also as a director of the Company~~. Such dual roles could create, or appear to create, potential conflicts of interest when the Company and MtronPTI' s officers and directors face decisions that could have different implications for the two companies. In addition, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between the Company and MtronPTI regarding the terms of the agreements governing the separation and the relationship thereafter between the companies. Item 1B. Unresolved Staff Comments