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Trans-Lux Corporation

2020 3 20 2019

2019 Trans-Lux Corporation

	17,035	14,399	18.31%
	-1,402	-4,694	70.13%
	-4,337	-1,068	-306.09%
/	-0.13	-1.88	93.09%
	12,254	11,466	6.87%
	-1,744	-7,764	77.54%

Trans-Lux Corporation 2019

Digital Product Sales Division:

Digital product Lease and Maintenance Division:

Sales Order Backlog (excluding leases):

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SERVICE AND SUPPORT

The Company emphasizes the quality and reliability of its products and the ability of its field service personnel and third-party agents to provide timely and expert service to the Company's equipment on lease and maintenance bases and other types of customer-owned equipment. The Company believes that the quality and timeliness of its on-site service personnel are essential components for the Company's ongoing and future success. The Company provides turnkey installation and support for the products it leases and sells in the United States and Canada. The Company provides training to end-users and ongoing support to users who have questions regarding operating procedures, equipment problems or other issues. The Company provides installation and service to those who purchase and lease equipment. Additionally, the Company's dealers and distributors offer support for the products they sell in the market segments they cover.

Personnel based in regional and satellite service locations throughout the United States and Canada provide high quality and timely on-site service for the installed equipment on lease and maintenance bases and other types of customer-owned equipment. Purchasers or lessees of the Company's larger products, such as financial exchanges, casinos and sports stadiums, often retain the Company to provide on-site service through the deployment of a service technician who is on-site daily for scheduled events.

The Company operates its National Technical Services and Repair Centers from its facilities in Urbandale, Iowa and Hazelwood, Missouri. Equipment repairs are performed in Urbandale, Iowa and service technicians are dispatched nationwide from various locations including Urbandale and Hazelwood. The Company's field service division is augmented by various service companies in the United States, Canada and overseas. From time to time, the Company uses various third-party service agents to install, service and/or assist in the service of certain displays for reasons that include geographic area, size and height of displays.

COMPETITION

The Company's availability of short and long-term leases to customers and its nationwide sales, service and installation capabilities are major competitive advantages in the digital product business. The Company believes that it is the largest supplier of large-scale stock, commodity, sports and race book gaming digital products in the United States, as well as one of the larger digital product and service organizations in the country.

The Company competes with a number of competitors, both larger and smaller than itself, with products based on different forms of technology. There are several competitors whose current products utilize similar technology to the Company's and who possess the resources necessary to develop competitive and more sophisticated products in the future.

INTELLECTUAL PROPERTY

The Company holds a number of trademarks for its products and considers such trademarks important to its business.

EMPLOYEES

The Company had approximately 50 employees as of March 1, 2020, none of whom are unionized. The Company believes its employee relations are good.

ITEM 1A. RISK FACTORS

WE HAVE EXPERIENCED OPERATING LOSSES FOR THE PAST SEVERAL YEARS, AND THERE CAN BE NO ASSURANCE THAT WE WILL BE ABLE TO INCREASE OUR REVENUE SUFFICIENTLY TO GENERATE THE CASH REQUIRED TO FUND OUR CURRENT OPERATIONS

We have incurred operating losses for the past several years. During the years ended December 31, 2019 and 2018, we incurred losses of \$1.4 million and \$4.7 million, respectively. We are dependent upon future operating performance and, to the extent that operating performance falls short of our needs, future financing to generate sufficient cash flows to continue to run our businesses. Future operating performance is dependent on general economic conditions, including the impact of the COVID-19 pandemic, and the ability of our customers to pay for our products and services. We are also dependent on our ability to attract and retain qualified personnel, and our ability to maintain and expand our relationships with our customers and distributors. We are also dependent on our ability to maintain and expand our relationships with our suppliers and vendors. We are also dependent on our ability to maintain and expand our relationships with our regulators and government agencies. We are also dependent on our ability to maintain and expand our relationships with our investors and financial institutions. We are also dependent on our ability to maintain and expand our relationships with our competitors and other market participants. We are also dependent on our ability to maintain and expand our relationships with our customers and distributors. We are also dependent on our ability to maintain and expand our relationships with our suppliers and vendors. We are also dependent on our ability to maintain and expand our relationships with our regulators and government agencies. We are also dependent on our ability to maintain and expand our relationships with our investors and financial institutions. We are also dependent on our ability to maintain and expand our relationships with our competitors and other market participants.

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WE HAVE SIGNIFICANT DEBT, WHICH COULD IMPAIR OUR FINANCIAL CONDITION

As of December 31, 2019, we had outstanding debt of approximately \$2.2 million (including \$650,000 of a forgivable loan), \$1.6 million of which was reflected under current portion of long-term

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OUR SUCCESS IS PARTIALLY DEPENDENT UPON OUR ABILITY TO OBTAIN THE RENEWAL OF EXISTING LEASES OR ENTER INTO NEW LEASES AS OUR CURRENT LEASES EXPIRE, WHICH MAY NOT BE FEASIBLE. THE INABILITY TO RENEW OR REPLACE OUR LEASES WOULD NEGATIVELY AFFECT OUR OPERATIONS

We derive a substantial percentage of our revenues from the leasing of our digital products, generally pursuant to leases that have an average term of one to five years. Consequently, our future success is, at a minimum, dependent on our ability to obtain the renewal of existing leases or to enter into new leases as existing leases expire. We also derive a significant percentage of our revenues from maintenance agreements relating to our digital display products. The average term of such agreements is one to five years. A portion of the maintenance agreements is cancelable upon 30 days notice. There can be no assurance that we will be successful

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CONCENTRATION OF OWNERSHIP AMONG OUR PRINCIPAL STOCK HOLDERS MAY LIMIT OUR OTHER STOCKHOLDERS FROM INFLUENCING SIGNIFICANT COMPANY DECISIONS

As of March 19, 2020, one stockholder,

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The aggregate property rent expense was \$608,000 and \$662,000 for the years ended December 31, 2019 and 2018, respectively.

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business and/or which are covered by insurance. The Company has accrued reserves individually and in the aggregate for such legal proceedings. Should actual litigation results differ from the Company's estimates, revisions to increase or decrease the accrued reserves may be required. There are no open matters that the Company deems material.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

- (a) The Company's Common Stock trades on the OTC Pink under the symbol
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Management's Discussion and Analysis of Financial Condition and Results of Operations discusses the Company's Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to uncollectible accounts receivable, slow-moving and obsolete inventories, rental equipment, goodwill, income taxes, warranty reserve, warrants, pension plan obligations, contingencies and litigation. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management has discussed the development and selection of these accounting estimates and the related disclosures with the Audit Committee of the Board of Directors.

Management believes the following critical accounting policies, among others, involve its more significant judgments and estimates used in the preparation of its Consolidated Financial Statements:

Uncollectible Accounts Receivable: The Company maintains allowances for uncollectible accounts receivable for estimated losses resulting from the inability of its customers to make required payments. Should non-payment by customers differ from the Company's estimates, a revision to increase or decrease the allowance for uncollectible accounts receivable may be required.

Slow-Moving and Obsolete Inventories: The Company writes down its inventory for estimated obsolescence equal to the difference between the carrying value of the inventory and the estimated net realizable value based upon assumptions about future demand and market conditions. If actual future demand or market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

Rental Equipment: The Company evaluates rental equipment assets for possible impairment annually to determine if the \$927,000 carrying amount of such assets may not be recoverable. The Company uses a cash flow model to determine the fair value under the income approach, based on the remaining lengths of existing leases. Changes in the assumptions used could materially impact our fair value estimates. Assumptions critical to our fair value estimates are projected renewal rates and CPI rate changes. These and other assumptions are impacted by national and global economic conditions including changes in national and international interest rates, taxes, inflation, etc. and will change in the future based on period-specific facts and circumstances, thereby possibly requiring

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The October 1, 2019 annual review indicated that the fair value of the reporting unit exceeded its carrying value by 96.1%. Therefore, there was no impairment of goodwill related to our digital product sales reporting unit. Changes in the assumptions used could materially impact our fair value estimates. Assumptions critical to our fair value estimates are: (i) discount rate used to derive the present value factors used in determining the fair value of the reporting unit, (ii) projected average revenue growth rates used in the reporting unit models and (iii) projected long-term growth rates used in the derivation of terminal year values. These and ot

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Contingencies and Litigation: The Company is subject to legal proceedings and claims which arise in the ordinary course of its business and/or which are covered by insurance. The Company has accrued reserves individually and in the aggregate for such legal proceedings. Should actual litigation results differ from the Company's estimates, revisions to increase or decrease the accrued reserves may be required. There are no open matters that the Company deems material.

The Company has a \$650,000 forgivable loan from the City of Hazelwood, Missouri, which is included in Long-term debt in the Consolidated Balance Sheets. The loan will be forgiven on a pro-rata basis if predetermined employment levels are attained and would expire on April 1, 2025. If the Company attains the employment

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Digital product sales operating income (loss) increased \$1.9 million to income of \$183,000 for the year ended December 31, 2019 compared to a loss of \$1.7 million for the year ended December 31, 2018, primarily due to the increase in revenues and a decrease in general and administrative expenses. The cost of Digital product sales increased \$2.2 million or 21.6%, primarily due to the increase in revenues. The cost of Digital product sales represented 83.4% of related revenues in 2019 compared to 84.4% in 2018. General and administrative expenses for Digital product sales decreased \$1.4 million or 37.5%, primarily due to a decrease in bad debt expenses, specifically related to two customers in 2018.

Digital product lease and maintenance operating income increased \$690,000 or 65.0% to \$1.8 million for the year ended December 31, 2019 compared to \$1.1 million for the year ended December 31, 2018, primarily as a result of decreases in general and administrative expenses and in the cost of Digital product lease and maintenance, partially offset by the decrease in revenues. The cost of Digital product lease and maintenance decreased \$459,000 or 37.2%, primarily due to a decrease in depreciation expense. The cost of Digital product lease and maintenance revenues represented 33.3% of related revenues in 2019 compared to 50.6% in 2018. The cost of Digital product lease and maintenance includes field service expenses, plant repair costs, maintenance and depreciation. General and administrative expenses for Digital product lease and maintenance decreased \$347,000 or 239.3%, primarily due to a decrease in bad debt expenses.

Corporate general and administrative expenses decreased \$978,000 or 29.1% to \$2.4 million for the year ended December 31, 2019 compared to \$3.4 million for the year ended December 31, 2018, primarily due to decreases in payroll and expenses related to employees and directors of \$670,000, consulting expenses of \$355,000 and professional fees of \$216,000, partially offset by an increase in restructuring costs of \$306,000.

Net interest expense decreased \$436,000 or 46.4% to \$504,000 for the year ended December 31, 2019 compared to \$940,000 for the year ended December 31, 2018, primarily due to a decrease in the average outstanding long-term debt, due to the termination of the CNH Finance Fund I, L.P. ("CNH") loans and the SMI and SMII notes (hereinafter defined).

The loss on extinguishment of debt for the year ended December 31, 2019 represented the write-off of the remaining debt discount costs and the termination fees related to the CNH and SM Investors loans, partially offset by the gain on the extinguishment of \$35,000 of Notes.

The effective tax rate for the years ended December 31, 2019 and 2018 was an expense of 3.0% and 1.0%, respectively. In 2019 and 2018, the Company recognized income tax expense of \$41,000 and \$47,000, respectively. The income tax expense in 2019 and 2018 is affected by income tax expense related to the Company's Canadian subsidiary and the valuation allowance on the Company's deferred tax assets as a result of reporting pre-tax losses.

The Company has incurred recurring losses and continues to have a working capital deficiency. The Company incurred a net loss of \$1.4 million in the year ended December 31, 2019 and had a working capital deficiency of \$3.1 million as of December 31, 2019. As of December 31, 2018, the Company had a working capital deficiency of \$8.5 million. The decrease in the working capital deficiency as compared to December 31, 2018 is primarily due to the \$5.3 million of net proceeds received from the exercises of

TRANS-LUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands	Year Ended December 31	
	2019	2018
Cash flows from operating activities		
Net loss	\$ (1,402)	\$ (4,694)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	668	952
Amortization of right of use assets	373	-
Amortization of gain on sale/leaseback transaction	-	(11)
Amortization of deferred financing fees and debt discount	96	238
Loss on disposal of assets	32	-
Loss on extinguishment of debt	193	-
Loss (gain) on foreign currency remeasurement	130	(225)
Issuance of common stock for compensation	-	10
Bad debt expense	(93)	1,550
Changes in operating assets and liabilities:		
Accounts receivable, net	(18)	(300)
Inventories	19	(37)
Prepays and other assets	(73)	1,206
Accounts payable	(2,783)	950
Accrued liabilities	(254)	615
Operating lease liabilities	(369)	-
Customer deposits	(309)	(703)
Deferred pension liability and other	(547)	(619)
Net cash used in operating activities	<u>(4,337)</u>	<u>(1,068)</u>
Cash flows from investing activities		
Equipment manufactured for rental	(44)	-
Purchases of property, plant and equipment	(377)	(140)
Net cash used in investing activities	<u>(421)</u>	<u>(140)</u>
Cash flows from financing activities		
Proceeds from long-term debt	-	1,000
Issuance of common stock	-	1,500
Proceeds from warrant exercise, net of costs	5,298	-
Proceeds from rights offering, net of costs	2,428	-
Payments of long-term debt	(3,037)	(1,483)
Payments of dividends on preferred stock	(80)	(99)
Payments for deferred financing fees	(25)	-
Payments for fees on extinguishment of debt	(62)	-
Net cash provided by financing activities	<u>4,522</u>	<u>918</u>
Effect of exchange rate changes	(2)	4
Net decrease in cash, cash equivalents and restricted cash	<u>(238)</u>	<u>(286)</u>
Cash, cash equivalents and restricted cash at beginning of year	<u>1,623</u>	<u>1,909</u>
Cash, cash equivalents and restricted cash at end of period	\$ 1,385	\$ 1,623
Supplemental disclosure of cash flow information:		
Interest paid	\$ 239	\$ 555
Income taxes paid	22	26
Supplemental non-cash financing activities:		

Notes To Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Trans-Lux Corporation is a leading designer and manufacturer of digital signage display solutions. The Company sells and leases its digital signage display solutions.

: The Consolidated Financial Statements include the accounts of Trans-Lux Corporation, a Delaware corporation, and all wholly-owned subsidiaries (collectively, the "Company"). Intercompany balances and transactions have been eliminated in consolidation.

: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period in which the change is determined. Estimates are used when accounting for such items as costs of long-term sales contracts, allowance for uncollectible accounts, inventory valuation allowances, depreciation and amortization, valuation of pension obligations, valuation of warrants, income taxes, warranty reserve, management's assessment of going concern, contingencies and litigation.

: The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company has deposits in United States financial institutions that maintain Federal Deposit Insurance Corporation ("FDIC") deposit insurance on all interest and non-interest-bearing accounts, collectively, with an aggregate coverage up to \$250,000 per depositor per financial institution. At times, the amount of the deposits exceeds the FDIC limits. The portion of the deposits in excess of FDIC limits represents a credit risk of the Company.

: Accounts receivable are carried at net realizable value. Credit is extended based on an evaluation of each customer's finan

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The Company annually evaluates the value of its goodwill on October 1 and determines if it is impaired by comparing the carrying value of goodwill to its estimated fair value. Changes in the assumptions used could materially impact the fair value estimates. Assumptions critical to our fair value estimates are: (i) discount rate used to derive the present value factors used in determining the fair value of the reporting unit, (ii) projected average revenue growth rates used in the reporting unit models and (iii) projected long-term growth rates used in the derivation of terminal year values. These and other assumptions are impacted by economic conditions and expectations of management and will change in the future based on period-specific facts and circumstances. The Company uses the income and the market approach when testing for goodwill impairment. The Company weighs these approaches by using a 67% factor for the income approach and a 33% factor for the market approach. Together these two factors estimate the fair value of the reporting unit. The Company uses a discounted cash flow model to determine the fair value under the income approach which contemplates a conservative overall weighted average revenue growth rate. If the Company were to reduce its revenue projections on the reporting unit by 5.5% within the income approach, the fair value of the reporting unit would be below carrying value. The gross profit margins used are consistent with historical margins achieved by the Company during previous years. If there is a margin decline of 6.7% or more, the model would yield results of a fair value less than carrying amount. The Company uses a market multiple approach based on revenue to determine the fair value under the market approach which includes a selection of and market price of a group of comparable companies and the performance of the guidelines of the comparable companies and of the reporting unit. The impairment test for goodwill is a two-step process. The first step of the goodwill impairment test compares the fair value of the reporting unit with its carrying amount. If the carrying amount of the reporting unit exceeds its fair value, a second step is performed to calculate the implied fair value of the goodwill of the reporting unit by deducting the fair value of all of the individual assets and liabilities of the reporting unit from the respective fair values of the reporting unit as a whole. To the extent the calculated implied fair value of the goodwill is less than the recorded goodwill, an impairment charge is recorded for the difference. Fair value is determined using cash flow and other valuation models (generally Level 3 inputs in the fair value hierarchy described in Note 4 – Fair Value). There was no impairment of goodwill in 2019 or 2018.

: The Company evaluates whether there has been an impairment in value of its long-lived assets if certain circumstances indicate that a possible impairment may exist. An impairment in value may exist when the carrying value of a long-lived asset exceeds its undiscounted cash flows. If it is determined that an impairment in value has occurred, the carrying value is written down to its fair value as determined by a discounted cash flow model. There were no impairments of long-lived assets in 2019 or 2018.

The Company classifies cash as restricted when the cash is unavailable for withdrawal or usage for general operations. Restrictions may include legally restricted deposits, contracts entered into with others, or the Company's statements of intention with regard to particular deposits. The Company had Restricted cash in 2019 and 2018 for letters of credit in connection with the forgivable loan (\$650,000 in 2019 and 2018) and security deposits (\$200,000 in 2019 and \$250,000 in 2018). During 2019, a security deposit was reduced by \$50,000. The Company has presented these funds in Restricted cash in the Consolidated Balance Sheets since the use of the funds under the letters of credit is restricted.

The costs of shipping product to our customers of \$436,000 and \$487,000 in 2019 and 2018, respectively, are included in Cost of digital product sales.

The Company expenses the costs of advertising and marketing at the time that the related advertising takes place. Advertising and marketing costs of \$43,000 and \$174,000 in 2019 and 2018, respectively, are included in General and administrative expenses.

: See Note 3 – Revenue Recognition.

The Company provides for the estimated cost of product warranties at the time revenue is recognized. While the Company engages in product quality programs and processes, including evaluating the quality of the component suppliers, the warranty obligation is affected by product failure rates. Should actual product failure rates differ from the Company's estimates, revisions to increase or decrease the estimated warranty liability may be required.

: Deferred income tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at tax rates expected to be in effect when such temporary differences are expected to reverse and for operating loss carryforwards. The temporary differences are primarily attributable to operating loss carryforwards, depreciation and the pension plan. The Company records a valuation allowance against net deferred income tax assets if, based upon the available evidence, it is more-likely-than-not that the deferred income tax assets will not be realized.

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The following new accounting pronouncements, and related impacts on adoption, are being evaluated by the Company:

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350)*. ASU 2017-04 simplifies the test for goodwill impairment. Public business entities should apply the amendments in ASU 2017-04 for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years (i.e., January 1, 2020), early application is permitted. The Company does not expect the adoption of this standard to have a material effect on the Company's consolidated financial position and results of operations.

In August 2018, the FASB issued ASU 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20)*. ASU 2018-14 modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. Public business entities should apply the amendments in ASU 2018-14 for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years (i.e., January 1, 2021). Early application is permitted. The Company does not expect the adoption of this standard to have a material effect on the Company's consolidated financial position and results of operations.

The Company has incurred recurring losses and has a working capital deficiency. The Company incurred a net loss of \$1.4 million in 2019 and had a working capital deficiency of \$3.1 million as of December 31, 2019.

The Company is dependent on future operating performance in order to generate sufficient

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Contracts with customers may contain multiple performance obligations. For such arrangements, the transaction price is allocated to each performance obligation based on the estimated relative standalone selling prices of the promised products or services underlying each performance obligation. The Company determines standalone selling prices based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

When determining the transaction price of a contract, an adjustment is made if payment from a customer occurs either significantly before or significantly after performance, resulting in a significant financing component. Applying the practical expedient in paragraph 606-10-32-18, the Company does not assess whether a significant financing component exists if the period between when the Company performs its obligations under the contract and when the customer pays is one year or less. None of the Company's contracts contained a significant financing component as of December 31, 2019.

In March 2016, the FASB issued updated lease accounting guidance ("Topic 842"), as explained further in Note 9 – Leases. We adopted Topic 842 on January 1, 2019. Topic 842 is an update to Topic 840, which was the lease accounting standard in place through December 31, 2018. There were no significant changes to our revenue accounting upon adoption of Topic 842.

We recognize revenue in accordance with two different accounting standards: 1) Topic 606 and 2) Topic 842. Under Topic 606, revenue from contracts with customers is measured based on the consideration specified in the contract with the customer, and excludes any sales incentives and amounts collected on behalf of third parties. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer, and is the unit of account under Topic 606. Our contracts with customers generally do not include multiple performance obligations. We recognize revenue when we satisfy a performance obligation by transferring control over a product or service to a customer. The amount of revenue recognized reflects the consideration we expect to be entitled to in exchange for such products or services.

The following table represents a disaggregation of revenue from contracts with customers for the years ended December 31, 2019 and 2018, along with the reportable segment for each category:

In thousands	2018	
Digital product sales:		
Catalog and small customized products	\$	\$ 10,958
Large customized products		1,000
Subtotal		11,958
Digital product lease and maintenance:		
Operating leases		1,413
Maintenance agreements		1,028
Subtotal		2,441
Total	\$	\$ 14,399

The Company has two primary revenue streams which are Digital product sales and Digital product lease and maintenance.

Digital Product Sales

The Company recognizes net revenue on digital product sales to its distribution partners and to end users related to digital display solutions and fixed digit scoreboards. For the Company's catalog products, revenue is generally recognized when the customer obtains control of the Company's product, which occurs at a point in time, and may be upon shipment or upon delivery based on the contractual shipping terms of a contract. For the Company's customized products, revenue is either recognized at a point in time or over time depending on the size of the contract. For those customized product contracts that are smaller in size, revenue is generally recognized when the customer obtains control of the Company's product, which occurs at a point in time, and may be upon shipment or upon delivery based on the contractual shipping terms of a contract. For those customized product contracts that are larger in size, revenue is recognized over time based on incurred costs as compared to projected costs using the input method, as this best reflects the Company's progress in transferring control of the customized product to the customer. The Company may also contract with a customer to perform installation services of digital display products. Similar to the larger customized products, the Company recognizes the revenue associated with installation services using the input method, whereby the basis is the total contract costs incurred to date compared to the total expected costs to be incurred.

Revenue on sales to distribution partners are recorded net of prompt-pay discounts, if offered, and other deductions. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing the most likely amount method to which the Company expects to be entitled. In the case of prompt-pay discounts, there are only two possible outcomes: either the customer pays on-time or does not. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information (historical, current and forecasted) that is reasonably available. The Company believes that the estimates it has established are reasonable based upon current facts and circumstances. Applying different judgments to the same facts and circumstances could result in the estimated amounts to vary. The Company offers an assurance-type warranty that the digital display products will conform to the published specifications. Returns may only be made subject to this warranty and not for convenience.

Digital Product Lease and Maintenance

Lease and maintenance contracts generally run for periods of one month to 10 years. A contract entered into by the Company with a customer may contain both lease and maintenance services (either or both services may be agreed upon based on the individual customer contract). Maintenance services may consist of providing labor, parts and software maintenance as may be required to maintain the customer's equipment in proper operating condition at the customer's service location. The Company concluded the lease and maintenance services represent a series of distinct services and the most representative method for measuring progress towards satisfying the performance obligation of these services is the input method. Additionally, maintenance services require the Company to "stand ready" to provide support to the customer when and if needed. As there is no discernable pattern of efforts other than evenly over the lease and maintenance terms, the Company will recognize revenue straight-line over the lease and maintenance terms of service.

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The Company has an enforceable right to payment for performance

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The Company accounts for shipping and handling activities related to contracts with customers as costs to fulfill the promise to transfer the associated products. When shipping and handling costs are incurred after a customer obtains control of the products, the Company also has elected to account for these as costs to fulfill the promise and not as a separate performance obligation. Shipping and handling costs associated with the distribution of finished products to customers are recorded in costs of goods sold and are recognized when the related finished product is shipped to the customer.

The Company carries the cash surrender value of life insurance related to its deferred compensation arrangements at fair value. Under ASC 820, the fair value of all assets and liabilities is determined using a three-tier fair value hierarchy.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – Inputs to the valuation methodology based on unadjusted quoted market prices in active markets that are accessible at the measurement date.
- Level 2 – Inputs to the valuation methodology that include quoted market prices that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

Based on this hierarchy, the Company determined the fair value of the cash surrender value of life insurance, a Level 2 based on observable inputs primarily from the counter party. The Company's cash surrender value of life insurance had a carrying amount of \$55,000 at December 31, 2019 and 2018, and is included in Other assets in the Consolidated Balance Sheets. The carrying amounts of cash equivalents, receivables and accounts payable approximate fair value due to the short maturities of these items. The fair value of the Company's 8¼% Limited convertible senior subordinated notes due 2012 (the "Notes"), using observable inputs, was \$70,000 at December 31, 2019 and \$77,000 at December 31, 2018. The fair value of the Company's 9½% Subordinated debentures due 2012 (the "Debentures"), using observable inputs, was \$44,000 at December 31, 2019 and 2018. The fair value of the Company's remaining long-term debt including current portion approximates its carrying value of \$1.7 million at December 31, 2019 and \$4.7 million at December 31, 2018.

Inventories consist of the following:

In thousands	2018
Raw materials	\$ 1,178
Work-in-progress	626
Finished goods	397
Total inventory	\$ 2,201

Rental equipment consists of the following:

In thousands	2018
Rental equipment	\$ 7,109
Less accumulated depreciation	5,799
Net rental equipment	\$ 1,310

During 2019, \$2.9 million of fully depreciated rental equipment was written off. Depreciation expense for rental equipment for the years ended December 31, 2019 and 2018 was \$427,000 and \$706,000, respectively.

Property, plant and equipment consists of the following:

In thousands	2018
Machinery, fixtures and equipment	\$ 2,691
Leaseholds and improvements	12
	2,703
Less accumulated depreciation	523
Net property, plant and equipment	\$ 2,180

Equipment having net book values of \$2.3 million and \$2.2 million at December 31, 2019 and 2018, respectively, are pledged as collateral under various financing agreements.

During 2019 and 2018, \$76,000 and \$421,000, respectively, of fully depreciated property, plant and equipment was written off. Depreciation expense for property, plant and equipment for the years ended December 31, 2019 and 2018 was \$241,000 and \$246,000, respectively.

Other assets consist of the following:

In thousands	2018
Refundable AMT credits	\$ 592
Prepays	55
Deposits	73
Total other assets	\$ 720

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Accrued liabilities consist of the following:

<u>In thousands</u>	<u>2018</u>
Directors fees	\$ 1,148
Taxes payable	1,083
Interest payable	731
Deferred revenues	1,000
Current portion of pension liability (see Note 15 – Pension Plan)	623
Warranty reserve	405
Compensation and employee benefits	636
Audit fees	148
Other	558
	<u>\$ 6,332</u>

A summary of the warranty reserve for the years ended December 31, 2019 and 2018 is as follows:

<u>In thousands</u>	<u>2018</u>
Balance at beginning of year	\$ 322
Provisions	307
Deductions	(224)
Balance at end of year	<u>\$ 405</u>

In connection with a Securities Purchase Agreement (“SPA”) with Unilumin, the Company issued the Unilumin Warrant to purchase 5,670,103 shares of the Company’s Common Stock at an exercise price of \$0.97 per share. In 2019, Unilumin fully exercised the Unilumin Warrant, aggregating \$5.5 million. The Company received cash of \$5.3 million after fees related to the exercise of this warrant.

On June 11, 2018, in connection with a Subordinated Secured Promissory Note (the “SMI Note”), the Company issued SM Investors,

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On September 16, 2019, the Company entered into the Loan Agreement with MidCap. The Loan Agreement has a term of three years, unless earlier terminated by the parties in accordance with the



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On June 11, 2018, the Company entered into a Subordinated Secured Promissory Note (the "SMI Note") with SM Investors, L.P. ("SMI"), pursuant to which the Company borrowed \$330,000 from SMI. On April 17, 2019, the Company satisfied the SMI Note in



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The Company was authorized to issue 2,500,000 shares of preferred stock as of December 31, 2019, of which (i) 416,500 shares were designated as Series A Convertible Preferred Stock, none of which were outstanding, (ii) 51,000 shares were designated as SBCPS, none of which were outstanding, and (iii) 2,032,500 shares were not yet designated. The undesignated preferred stock would contain such rights, preferences, privileges and restrictions as may be fixed by our Board of Directors.

Shares of the Company's Common Stock reserved for future issuance in connection with convertible securities and stock option plans were 260,000 and 6,260,343 at December 31, 2019 and 2018, respectively.

During 2019 and 2018, certain board members deferred payment of their director fees. In lieu of a cash payment, certain board members and former board members have agreed to receive restricted shares of Common Stock of the Company or a combination of cash and restricted shares of Common Stock of the Company, which such restricted shares shall contain a legend under the Securities Act of 1933 and shall not be transferable unless and until registered or otherwise in accordance with applicable securities law

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The funded status of the plan as of December 31, 2019 and 2018 is as follows:

<u>In thousands</u>	<u>2018</u>
Change in benefit obligation:	
Projected benefit obligation at beginning of year	\$ 14,320
Interest cost	455
Actuarial loss (gain)	(908)
Benefits paid	(902)
Projected benefit obligation at end of year	<u>12,965</u>
Change in plan assets:	
Fair value of plan assets at beginning of year	10,130
Actual return on plan assets	(1,002)
Company contributions	421
Benefits paid	(902)
Fair value of plan assets at end of year	<u>8,647</u>
Funded status (underfunded)	<u>\$ (4,318)</u>
Amounts recognized in other accumulated comprehensive loss:	
Net actuarial loss	<u>\$ 7,954</u>
Weighted average assumptions as of December 31:	
Discount rate:	
Components of cost	3.65%
Benefit obligations	4.30%
Expected return on plan assets	8.00%
Rate of compensation increase	N/A

The Company determines the long-term rate of return for plan assets by studying historical markets and the long-term relationships between equity securities and fixed income securities, with the

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On October 5, 2018, the Company granted 20,000 shares of Common Stock to the Company's Chief Executive Officer. The closing share price on the date of the grant was \$0.49 and there was no vesting period. The Company recorded compensation expense of \$10,000 in 2018.

The Company currently has one stock option plan. As of December 31, 2019, 800 shares of Common Stock were available for grant under the Non-Employee Director Stock Option Plan.

Changes in the stock option plan are as follows:

	Authorized	Number of Shares Granted	Available	Weighted Average Exercise Price
Balance January 1, 2018	800	-	800	N/A
Authorized	-	-	-	
Expired	-	-	-	
Granted	-	-	-	
Balance December 31, 2018	800	-	800	
	-	-	-	
	-	-	-	
	-	-	-	
	-	-	-	

Under the Non-Employee Director Stock Option Plan, option prices must be at least 100% of the market value of the Common Stock at the time of grant. No option may be exercised prior to one year aft

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On March 4, 2019, the Unilumin exercised \$2.0 million of the Unilumin Warrant, and on April 5, 2019, Unilumin exercised the remaining \$3.5 million of the Unilumin Warrant, raising an aggregate of \$5.5 million for the Company. Unilumin now owns 52.0% of the Company's outstanding Common Stock. Nicholas Fazio, Yang Liu and Yantao Yu, each directors of the Company, are each directors and/or officers of Unilumin.

On April 5, 2019, the Rights Offering terminated. At the closing of the Rights Offering on April 9, 2019, the Company received gross proceeds of \$2.5 million in exchange for 2,500,000 shares of Common Stock. Participants in the Rights Offering included (a) Gabelli Funds, LLC, a greater than 5% stockholder, (b) Salvatore Zizza and George Schiele, both directors of the Company, and (c) Alberto Shaio and Todd Dupee, both executive officers of the Company.

In connection with the Company's agreement with Unilumin in 2018, the Company paid \$175,000 to Durkin Law, LLC in early 2019. In connection with Durkin Law, LLC's representation of the Company in regards to the Loan Agreement and certain other matters, the Company paid 265,000 t



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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

198.5 u. CONTROLS AND PROCEDURES

- (a) Evaluation of disclosure controls and procedures. As of the end of the period covered by this Annual Report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (our principal executive officer) and our Chief Accounting Officer (our principal accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedur
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ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Pursuant to the Certificate of Incorporation and Amended and Restated Bylaws the Company, the Board of Directors is divided int

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While the Corporation's Common Stock is traded on the OTCQB, the Corporation follows the NYSE MKT Company Guide regarding the independence of directors. A director is considered independent if the Board of Directors determines that the director does not have any direct or indirect material relationship with the Corporation. Messrs. Fazio, Liu, Schiele, Yu and Zizza are non-employee directors of the Corporation. The Board of Directors has determined that Messrs. Schiele and Zizza are "independent directors" since they had no relationship with the Corporation other than their status and payment as non-employee directors and as stockholders. The Board of Directors has determined that its tw

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Mr. Durkin became Executive Vice President, General Counsel & Corporate Secretary of the Corporation on July 30, 2019. Mr. Durkin, as principal of Durkin Law, LLC, has been engaged in the private practice of law acting as counsel to numerous private and public domestic and foreign based companies for the last fifteen years, including Unilumin on an ongoing basis. Prior to that, from

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ITEM 11. EXECUTIVE COMPENSATION

The following table provides certain summary information for the last two fiscal years of the Corporation concerning compensation paid or accrued by the Corporation and its subsidiaries to or on behalf of the Corporation's Chief Executive Officer and the Company's two most highly compensated executive officers other than the Chief Executive Officer:

Alberto Shaio	2019	299,999	-	-	-	-	-	18,000	317,999
President and Chief Executive Officer	2018	261,537	-	9,800	-	-	-	3,000	274,337
Alexandro Gomez	2019	199,998	36,198	-	-	-	-	-	236,196
Senior Vice President and Chief Relationship Officer	2018	167,767	-	-	-	-	-	-	169,767
John Hammock	2019	184,998	-	-	-	-	-	-	184,998
Senior Vice President and Chief Sales and Marketing Officer	2018	198,833	-	-	-	-	-	-	198,833

(1) See "All Other Compensation" for further details.

During 2019 and 2018, "All Other Compensation" consisted of director fees and other items. The following is a table of amounts per named individual:

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In 2019, the Company made the minimum requirement of \$629,000 of contributions to the Company's defined benefit pension plan for all eligible employees and the eligible individuals listed in the Summary Compensation Table.

The Company's defined benefit pension plan, prior to being frozen, covered all salaried employees over age 21 with at least one year of service who are not covered by a collective bargaining agreement to which the Company is a party. Retirement benefits are based on the final average salary for the highest five of the ten years preceding retirement. For example, estimated annual retirement benefits payable at normal retirement date, which normally is age 65, is approximately \$15,000 for an individual with ten years of credited service and with a final average salary of \$100,000; and approximately \$120,000 for an individual with 40 years of credited service and with a final average salary of \$200,000. Currently, \$285,000 is the legislated annual cap on determining the final average annual salary and \$230,000 is the maximum legislated annual benefit payable from a qualified pension plan.

There were no unexercised options held by any of our Named Executive Officers as of December 31, 2019.

The Corporation executed an employment agreement with Alberto Shaio, President and Chief Executive Officer, effective on October 1, 2018. The initial two-year term expires on October 1, 2020. The agreement provides for compensation at the annual rate of \$300,000 per annum. The agreement entitles Mr. Shaio to twenty days' paid vacation per year, a vehicle allowance, "key person" insurance, business expense reimbursement and certain employee benefits generally available to employees of the Corporation. The agreement provides for certain severance benefits depending on whether Mr. Shaio leaves the employ of the Corporation for "Cause," "Good Reason" or "Without Cause and for Good Reason" prior to the termination of the agreement. The agreement contains standard non-disparagement, confidentiality and non-solicitation provisions. The foregoing is a summary of the agreement and is qualified in its entirety by reference to the text of the agreement as filed as Exhibit 10.1 of Form 8-K dated October 4, 2018.

The Corporation executed an employment agreement with Todd Dupee, Senior Vice President and Chief Accounting Officer, effective on October 1, 2018. The initial two-year term expires on October 1, 2020. The agreement provides for compensation at the annual rate of \$150,000 per annum. The agreement entitles Mr. Dupee to twenty days' paid vacation per year, a vehicle allowance, "key person" insurance, business expense reimbursement and certain employee benefits generally available to employees of the Corporation. The agreement provides for certain severance benefits depending on whether Mr. Dupee leaves the employ of the Corporation for "Cause," "Good Reason" or "Without Cause and for Good Reason" prior to the termination of the agreement. The agreement contains standard non-disparagement, confidentiality and non-solicitation provisions. The foregoing is a summary of the agreement and is qualified in its entirety by reference to the text of the agreement as filed as Exhibit 10.1 of Form 8-K dated October 26, 2018.

The following table sets forth the value of the severance benefits each Named Executive Officer would be entitled to receive under their respective employment agreements, as applicable, assuming that a Change in Control and the entitlement to receive Severance Benefits occurred on December 31, 2019 (neither Mr. Durkin, Mr. Gomez nor Mr. Hammock are entitled to any severance benefits):

Base Salary	\$	300,000
Bonus	\$	—
Value of Benefits	\$	—
Reduction to Avoid Excise Tax	\$	—
Equity Awards - Vested and Unvested Accelerated	\$	—
Total	\$	300,000

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The Board of Directors has previously established a Non-Employee Director Stock Option Plan which, as amended, covers a maximum of 1,200 shares for grant. Such options are granted for a term of six years and are priced at fair market value on the grant date. The determination as to the amount of options to be granted to directors is based on years of service, and are calculated on a yearly basis as follows: a minimum of 20 stock options are granted for each director; an additional 20 stock options are granted if a director has served for five years or more; an additional 20 stock options are granted if a director has served for ten years or more; and an additional 40 stock options are granted if a director has served for twenty years or more. Such options are exercisable at any time upon the first anniversary of the grant date. The Corporation grants additional stock options upon the expiration or exercise of an

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Equity Compensation Plan Information

December 31, 2019	Securities to be issued upon exercise	Weighted average exercise price	Securities available for future issuance
Equity compensation plans approved by stockholders	-	-	800

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Except as described below, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we were or are a party in which the amount involved exceeded or exceeds the lesser of \$120,000 or 1% of our total assets and in which any of our directors, executive officers, holders of more than 5% of any class of our voting securities or any member of the immediate family of any of the foregoing persons, had or will have a direct or indirect material interest, other than compensation arrangements with directors and executive officers and the transactions described or referred to below.

For a description of the Company's transactions with related parties, please see Note 19 to the Consolidated Financial Statements – Related Party Transactions.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Marcum LLP ("Marcum") have served as our independent registered public accounting firm since December 8, 2015. The Audit Committee of the Board of Directors has appointed Marcum as our independent registered public accounting firm for the year ending December 31, 2020. The proposal to appoint Marcum as the independent registered public accounting firm will be approved if, at the Annual Meeting at which a quorum is present, the votes cast in favor of the proposal exceed the votes cast opposing the proposal.

There are no disagreements between management and Marcum regarding accounting principles and their application or otherwise.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

- 1 Consolidated Financial Statements of Trans-Lux Corporation:
 - Report of Independent Registered Public Accounting Firm as of December 31, 2019
 - Consolidated Balance Sheets as of December 31, 2019 and 2018
 - Consolidated Statements of Operations for the Years Ended December 31, 2019 and 2018
 - Consolidated Statements of Comprehensive Loss for the Years Ended December 31, 2019 and 2018
 - Consolidated Statements of Changes in Stockholders' Deficit for the Years Ended December 31, 2019 and 2018
 - Consolidated Statements of Cash Flows for the Years Ended December 31, 2019 and 2018
 - Notes to Consolidated Financial Statements
- 2 Financial Statement Schedules: Not applicable.
- 3 Exhibits:
 - 3(a) Amended and Restated Certificate of Incorporation of the registrant (incorporated by reference to Exhibit 3.1 of Form 8-K dated July 2, 2012).
 - (b) Amendment to Amended and Restated Certificate of Incorporation of the registrant (incorporated by reference to Exhibit 3.1 of Form 8-K filed February 9, 2019).
 - (c) Amended and Restated Bylaws of the registrant (incorporated by reference to Exhibit 3.2 of Form 8-K filed March 9, 2012).
 - 4(a) Indenture dated as of December 1, 1994 (form of said indenture is incorporated by reference to Exhibit 6 of Schedule 13E-4 Amendment No. 2 filed December 23, 1994).
 - (b) Indenture dated as of March 1, 2004 (form of said indenture is incorporated by reference to Exhibit 12(d) of Schedule TO filed March 2, 2004).
 - (c) Description of the Company's securities registered pursuant to section 12 of the Securities Exchange Act on 1934.
 - 10.1 ** Form of Indemnity Agreement - Directors (form of said agreement is incorporated by reference to Exhibit 10.1 of Registration No. 333-15481).
 - 10.2 ** Form of Indemnity Agreement - Officers (form of said agreement is incorporated by reference to Exhibit 10.2 of Registration No. 333-15481).
 - 10.3 Amended and Restated Pension Plan dated January 1, 2016 (incorporated by reference to Exhibit 10.3 of Form 10-K filed March 29, 2016).
 - 10.4 ** Employment agreement with Alberto Shaio dated October 1, 2018 (incorporated by reference to Exhibit 10.1 of Form 8-K filed October 4, 2018).
 - 10.5 ** Employment agreement with Todd Dupee dated Octo2(of D2018, (incorporated by reference to Exhibit 10.1 of Form 8-K filed Octo2(of 9e)-a6, 2018).
 - 10.6 Promissory note in favor of Carlisle Investments Inc. ("Carlisle") (incorporated by reference to Exhibit 10.15 of Form 10-K/A filed April 29, 2016).
 - 10.7 Credit Agreement with Carlisle dated as of November 6, 2017 (incorporated by reference to Exhibit 10.5 of Form 10-Q filed November 9, 2017).

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10.9	<u>Loan and Security Agreement with MidCap Business Credit LLC dated as of September 16, 2019 (incorporated by reference to Exhibit 10.1 of Form 8-K filed September 20, 2019).</u>
21	<u>List of Subsidiaries, filed herewith.</u>
31.1	<u>Certification of Alberto Shaio, President and Chief Executive Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.</u>
31.2	<u>Certification of Todd Dupee, Senior Vice President and Chief Accounting Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.</u>
32.1	<u>Certification of Alberto Shaio, President and Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.</u>
32.2	<u>Certification of Todd Dupee, Senior Vice President and Chief Accounting Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.</u>
101	The following interactive data files pursuant to Rule 405 of Regulation S-T from Trans-Lux Corporation's Annual Report on Form 10-K for the annual period ended December 31, 2019 are formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2019 and 2018, (ii) Consolidated Statements of Operations for the Years Ended December 31, 2019 and 2018, (iii) Consolidated Statements of Comprehensive Loss for the Years Ended December 31, 2019 and 2018, (iv) Consolidated Statements of Changes in Stockholders' Deficit for the Years Ended December 31, 2019 and 2018, (v) Consolidated Statements of Cash Flows for the Years Ended December 31, 2019 and 2018 and (vi) Notes to Consolidated Financial Statements. *
*	Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the interactive data files in Exhibit 101 to this Annual Report on Form 10-K is deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended and is deemed not file of Section 18 of the Securities Exchange Act of 1934, as amended and otherwise is not subject to liability under these sections.
**	Denotes management contract or compensatory plan or arrangement.
ITEM 16.	FORM 10-K SUMMARY
Not applicable.	

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized:

TRANS-LUX CORPORATION

By: /s/ Alberto Shaio
Alberto Shaio
President and Chief Executive Officer

By: /s/ Todd Dupee
Todd Dupee
Senior Vice President and Chief Accounting Officer

Dated: March 20, 2020

Trans-Lux Corporation, and each of the undersigned, do hereby appoint Alberto Shaio and Todd Dupee, and each of them severally, its or his/her true and lawful attorney to execute on behalf of Trans-Lux Corporation and the undersigned any and all amendments to this Annual Report on Form 10-K and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission; each of such attorneys shall have the power to act hereunder with or without the other.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

/s/ Salvatore J. Zizza March 20, 2020
Salvatore J. Zizza, Chairman of the Board

/s/ Nicholas Fazio March 20, 2020
Nicholas Fazio, Director

/s/ Yang Liu March 20, 2020
Yang Liu, Director

/s/ George W. Schiele March 20, 2020
George W. Schiele, Director

/s/ Yantao Yu March 20, 2020
Yantao Yu, Director

/s/ Alberto Shaio March 20, 2020
Alberto Shaio, President and Chief Executive Officer
(Principal Executive Officer)

/s/ Todd Dupee March 20, 2020
Todd Dupee, Senior Vice President and Chief Accounting Officer
(Principal Financial Officer and Principal Accounting Officer)