

August 8, 2012



## Giga-tronics Reports First Quarter Results

SAN RAMON, Calif., Aug. 8, 2012 (GLOBE NEWSWIRE) -- Giga-tronics Incorporated (Nasdaq:GIGA) reported today a net loss of \$707,000 or \$0.14 per fully diluted share for the quarter ended June 30, 2012. This compares with a net loss of \$674,000 or \$0.13 per fully diluted share for the quarter ended June 25, 2011. Net sales increased 16% to \$4,058,000 in the first quarter of fiscal 2013 compared to \$3,497,000 in the first quarter of fiscal 2012. Gross margin increased by \$187,000 over the same quarter last year. Operating expenses increased 10% or \$221,000 in the first quarter of fiscal 2013 over fiscal 2012 primarily due to an increase of 37% in product development expenses to more aggressively invest in instrument products. Orders increased 56% in the first quarter of fiscal 2013 to \$8,680,000 from \$5,548,000 for the first quarter of fiscal 2012.

Backlog for the quarter ended June 30, 2012 was \$8.4 million (approximately \$5.7 million shippable within one year) as compared to \$5.7 million (approximately \$4.2 million shippable within one year) for the quarter ended June 25, 2011.

Cash and cash equivalents at June 30, 2012 were \$1,436,000 compared to \$2,365,000 as of March 30, 2012. Accounts receivable had increased to \$3,573,000 compared to \$1,270,000 as of March 31, 2012. The decrease in cash is mainly due to the net loss as a result of delayed product shipments during the quarter. The increase in accounts receivable was mainly due to a deferred revenue billing that occurred late in Q1 which was then collected in Q2.

Mr. John Regazzi, the Company's CEO stated, "As previously reported, we have been executing on our new strategy for over a year now. The first step involves revitalizing the organization and the second step is about completing the development of a significant new microwave product aimed at the high-end military test market."

Mr. Regazzi continued, "We are well along with the job of revitalizing the organization through the leadership changes made in Sales, Marketing, and Finance & Administration, a focus on fewer, but key products and markets, a reduction in force in San Ramon and the consolidation of operations to one facility in San Ramon. I expect this first step will be completed by the end of the current fiscal year. The second element of our strategy is the new investment in product development, which has been accelerated by the capital provided by Alara. This major program remains on track for a scheduled introduction early next fiscal year."

Mr. Regazzi concluded, "I believe this two-step approach will drive the growth of the company going forward and greatly improve its bottom line. We expect double digit revenue growth starting this current fiscal year and going forward, and I believe the Company can return to profitability following the new product introduction at the beginning of next fiscal year. We are confident that we have the financial liquidity and resources to successfully execute this strategy, and I will keep you informed of our progress in the quarters ahead."

Giga-tronics will host a conference call today at 4:30 p.m. ET to discuss the first quarter results. To participate in the call, dial (866) 206-0240 or (646) 216-7111 and enter PIN Code 44674959#. The call will also be broadcast over the internet at [www.gigatronics.com](http://www.gigatronics.com) under "Investor Relations". The conference call discussion reflects management's views as of August 8, 2012 only.

Giga-tronics is a publicly held company, traded on the NASDAQ Capital Market under the symbol "GIGA". Giga-tronics produces instruments, subsystems and sophisticated microwave components that have broad applications in defense electronics, aeronautics and wireless telecommunications.

This press release contains forward-looking statements concerning revenue growth, profitability, product introduction, backlog, shipments, and financial liquidity and resources. Actual results may differ significantly due to risks and uncertainties, such as increased competition, new product development, market acceptance of new products, future orders, cancellations or deferrals, disputes over performance, the ability to collect receivables and general market conditions. For further discussion, see the Giga-tronics most recent annual report on Form 10-K for the fiscal year ended March 31, 2012, Part I, under the heading "Certain Factors Which May Adversely Affect Future Operations or an Investment in Giga-tronics" and Part II, under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations".

The Giga-tronics Incorporated logo is available at <https://www.globenewswire.com/newsroom/prs/?pkgid=6087>

#### CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands except share data)

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#### **Assets**

##### Current assets:

Cash and cash-equivalents

Trade accounts receivable, net of allowance of \$97 and \$96, respectively

Inventories, net

Prepaid expenses and other current assets

Total current assets

Property and equipment, net

Other assets

#### **Total assets**

#### **Liabilities and shareholders' equity**

##### Current liabilities:

Accounts payable

Accrued commission

Accrued payroll and benefits

Accrued warranty	
Deferred revenue	
Deferred rent	
Capital lease obligations	
Other current liabilities	
<b>Total current liabilities</b>	
Long term obligations - deferred rent	
Long term obligations - capital lease	
<b>Total liabilities</b>	
Commitments	
Shareholders' equity:	
Preferred stock of no par value;	
Authorized - 1,000,000 shares; no shares issued or outstanding at June 30, 2012 and March 31, 2012	
Common stock of no par value;	
Authorized - 40,000,000 shares; 5,029,747 shares at June 30, 2012 and March 31, 2012 issued and outstanding	
Accumulated deficit	
<b>Total shareholders' equity</b>	
<b>Total liabilities and shareholders' equity</b>	

#### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

	Three June 30, 2012
(In thousands except per share data)	
<b>Net sales</b>	<b>\$4,</b>
Cost of sales	<b>2,</b>
<b>Gross margin</b>	<b>1,</b>
Engineering	
Selling, general and administrative	<b>1,</b>
Restructuring	
Total operating expenses	<b>2,</b>
<b>Operating loss</b>	<b>(</b>
Interest expense, net	
<b>Loss before income taxes</b>	<b>(</b>
Provision for income taxes	
<b>Net loss and comprehensive loss</b>	<b>\$(</b>
<b>Loss per share - basic</b>	<b>\$(0</b>
<b>Loss per share - diluted</b>	<b>\$(0</b>

Weighted average shares used in per share calculation:

Basic

5.

Diluted

5.

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Source: Giga-tronics Incorporated