



P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands \$)	<u>March 31, 2022</u> <u>(Unaudited)</u>	<u>December 31, 2021</u> <u>(Audited)</u>
<u>Assets</u>		
Cash	\$ 642	\$ 539
Accounts receivable - net	9,043	7,550
Inventories	27,548	24,021
Prepaid expenses and other current assets	<u>4,558</u>	<u>4,566</u>
Total current assets	<u>41,791</u>	<u>36,676</u>
Net property and equipment	8,818	8,080
Goodwill	5,275	4,447
Other intangible assets - net	5,427	5,592
Deferred income taxes - net	446	349
Right-of-use assets – operating leases	3,771	2,969
Other assets – net	<u>73</u>	<u>77</u>
Total assets	<u>\$ 65,601</u>	<u>\$ 58,190</u>
<u>Liabilities and Shareholders' Equity</u>		
Short-term borrowings	\$ 12,522	\$ 5,765
Accounts payable	3,845	2,920
Accrued compensation and benefits	790	1,475
Accrued other liabilities	1,350	1,078
Current leased liabilities – operating leases	<u>909</u>	<u>840</u>
Total current liabilities	<u>19,416</u>	<u>12,078</u>
Noncurrent leased liabilities – operating leases	2,915	2,176
Other liabilities	<u>89</u>	<u>96</u>
Total liabilities	<u>22,420</u>	<u>14,350</u>
Total shareholders' equity	<u>43,181</u>	<u>43,840</u>
Total liabilities and shareholders' equity	<u>\$ 65,601</u>	<u>\$ 58,190</u>

P & F INDUSTRIES, INC., AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In Thousands \$)	<u>Three months Ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Net revenue	\$ 14,021	\$ 13,945
Cost of sales	<u>9,510</u>	<u>9,309</u>
Gross profit	4,511	4,636
Selling, general and administrative expenses	<u>5,173</u>	<u>4,991</u>
Operating loss	(662)	(355)
Interest expense	<u>(52)</u>	<u>(22)</u>
Loss before income taxes	(714)	(377)
Income tax benefit	<u>96</u>	<u>70</u>
Net loss	\$ <u>(618)</u>	\$ <u>(307)</u>

P&F INDUSTRIES, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In Thousands \$)

Three months Ended
March 31,

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Net loss	\$ (618)	\$ (307)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Non-cash and other charges:		
Depreciation	443	451
Amortization of other intangible assets	157	159
Operating lease expense	232	224
Amortization of debt issue costs	4	4
Amortization of consideration payable to a customer	67	67
(Recovery of) provision for losses on accounts receivable	(12)	47
Stock-based compensation	1	2
Restricted stock-based compensation	8	13
Deferred income taxes	(102)	(70)
Loss on disposal of fixed assets	---	2
Changes in operating assets and liabilities:		
Accounts receivable	(844)	(2,113)
Inventories	(3,243)	(263)
Prepaid expenses and other current assets	(144)	335
Accounts payable	716	(483)
Accrued compensation and benefits	270	372
Accrued other liabilities and other current liabilities	(672)	(97)
Operating lease liabilities	(226)	(219)
Other liabilities	(9)	(20)
Total adjustments	<u>(3,354)</u>	<u>(1,589)</u>
Net cash used in by operating activities	<u>(3,972)</u>	<u>(1,896)</u>
Cash Flows from Investing Activities:		
Capital expenditures	\$ (380)	\$ (68)
Purchase of net assets of the Jackson Gear Company business	<u>(2,300)</u>	<u>---</u>
Net cash used in investing activities	<u>(2,680)</u>	<u>(68)</u>
Cash Flows from Financing Activities:		
Net proceeds from short-term borrowings	<u>6,757</u>	<u>2,107</u>
Net cash provided by financing activities	<u>6,757</u>	<u>2,107</u>
Effect of exchange rate changes on cash	<u>(2)</u>	<u>---</u>
Net increase in cash	103	143
Cash at beginning of period	<u>539</u>	<u>904</u>
Cash at end of period	<u>\$ 642</u>	<u>\$ 1,047</u>

P&F INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(continued)
(In Thousands \$)

Supplemental disclosures of cash flow information:

Cash paid for:

Interest	\$ <u>36</u>	\$ <u>8</u>
Cash paid for amounts included in the measurement of operating lease liabilities	\$ <u>---</u>	\$ <u>2</u>

Noncash information:

Right of Use (“ROU”) assets recognized for new operating lease liabilities	\$ <u>987</u>	\$ <u>23</u>
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P & F INDUSTRIES, INC., AND SUBSIDIARIES
NON-GAAP FINANCIAL MEASURE AND RECONCILIATION

COMPUTATION OF (EBITDIA) - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, IMPAIRMENT, AND AMORIZATION

(UNAUDITED)

(In Thousands \$)	<u>For the Three Months Ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Net loss	\$ (618)	\$ (307)
Add:		
Depreciation and amortization	600	610
Interest expense	52	22
Income tax benefit	<u>(96)</u>	<u>(70)</u>
EBITDA (1)	<u>\$ (62)</u>	<u>\$ 255</u>

- (1) The Company discloses a tabular comparison of EBITDIA, which is a non-GAAP measure because it is instrumental in comparing the results from period to period. The Company’s management believes that the comparison of EBITDIA provides greater insight into the Company’s results of operations for the periods presented. EBITDIA should not be considered in isolation or as a substitute for operating income as reported on the face of our statement of operations