

**P & F INDUSTRIES, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

<b>(In Thousands \$)</b>	<b><u>June 30, 2022</u></b> <b><u>(Unaudited)</u></b>	<b><u>December 31, 2021</u></b> <b><u>(Audited)</u></b>
<b><u>Assets</u></b>		
Cash	\$ 431	\$ 539
Accounts receivable - net	10,418	7,550
Inventories	24,610	24,021
Prepaid expenses and other current assets	<u>2,946</u>	<u>4,566</u>
<b>Total current assets</b>	<u>38,405</u>	<u>36,676</u>
Net property and equipment	8,941	8,080
Goodwill	4,822	4,447
Other intangible assets - net	5,673	5,592
Deferred income taxes - net	374	349
Right-of-use assets – operating leases	3,718	2,969
Other assets – net	<u>69</u>	<u>77</u>
<b><u>Total assets</u></b>	<b><u>\$ 62,002</u></b>	<b><u>\$ 58,190</u></b>
<b><u>Liabilities and Shareholders' Equity</u></b>		
Short-term borrowings	\$ 10,069	\$ 5,765
Accounts payable	2,337	2,920
Accrued compensation and benefits	1,187	1,475
Accrued other liabilities	1,484	1,078
Current leased liabilities – operating leases	<u>921</u>	<u>840</u>
<b>Total current liabilities</b>	<u>15,998</u>	<u>12,078</u>
Noncurrent leased liabilities – operating leases	2,855	2,176
Other liabilities	<u>83</u>	<u>96</u>
<b>Total liabilities</b>	<u>18,936</u>	<u>14,350</u>
<b><u>Total shareholders' equity</u></b>	<u>43,066</u>	<u>43,840</u>
<b><u>Total liabilities and shareholders' equity</u></b>	<b><u>\$ 62,002</u></b>	<b><u>\$ 58,190</u></b>

**P & F INDUSTRIES, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

<b>(In Thousand \$)</b>	<b><u>Three months ended June 30,</u></b>		<b><u>Six months ended June 30,</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Net revenue	\$ 17,810	\$ 13,589	\$ 31,831	\$ 27,535
Cost of sales	<u>12,174</u>	<u>8,741</u>	<u>21,684</u>	<u>18,051</u>
Gross profit	5,636	4,848	10,147	9,484
Selling	<u>5,479</u>	<u>5,458</u>	<u>10,652</u>	<u>10,449</u>
Operating loss	157	(610)	(505)	(965)
Other (expense) income	(16)	2,929	(16)	2,929
Interest (expense) income	<u>(86)</u>	<u>15</u>	<u>(138)</u>	<u>(7)</u>
Income (loss) before income taxes	55	2,334	(659)	1,957
Income tax (expense) benefit	<u>(76)</u>	<u>89</u>	<u>20</u>	<u>159</u>
Net income (loss)	\$ <u><u>(21)</u></u>	\$ <u><u>2,423</u></u>	\$ <u><u>(639)</u></u>	\$ <u><u>2,116</u></u>

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

	Six months ended June 30,	
	2022	2021
Cash Flows from Operating Activities:		
Net (loss) income	\$ (639)	\$ 2,116
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Non-cash and other charges:		
Depreciation and amortization	881	902
Amortization of other intangible assets	341	316
Rent expense from leased obligations	471	449
Amortization of debt issue costs	8	8
Amortization of consideration payable to a customer	135	135
Provision for losses on (recovery of) accounts receivable	42	59
Stock-based compensation	1	3
Stock-based compensation – exercise of options	38	—
Restricted stock-based compensation	19	27
Forgiveness of PPP loan	—	(2,929)
Deferred income taxes	(20)	(159)
(Loss) gain on sale of fixed assets	(5)	7
Changes in operating assets and liabilities:		
Accounts receivable	(2,276)	(750)
Inventories	(353)	(895)
Prepaid expenses and other current assets	1,302	414
Accounts payable	(778)	1,482
Accrued compensation and benefits	681	718
Accrued other liabilities and other current liabilities	(524)	(64)
Payments on lease liabilities	(461)	(443)
Other liabilities	(17)	(28)
Total adjustments	(515)	(748)
Net cash (used in) provided by operating activities	(1,154)	1,368
Cash Flows from Investing Activities:		
Capital expenditures	\$ (923)	\$ (247)
Purchase of net assets of Jackson Gear Company business	(2,300)	—
Net cash used in investing activities	(3,223)	(247)
Cash Flows from Financing Activities:		
Proceeds from exercise of stock options	2	—
Net payments relating to short-term borrowings	4,304	(1,004)
Net cash (provided by) used in financing activities	4,306	(1,004)
Effect of exchange rate changes on cash	(37)	(4)
Net increase (decrease) in cash	(108)	113
Cash at beginning of period	539	904
Cash at end of period	\$ 431	\$ 1,017

**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>114</u>	\$	<u>19</u>
Taxes	\$	<u>124</u>	\$	<u>12</u>
Cash paid for amounts included in the measurement of operating lease liabilities	\$	<u>--</u>	\$	<u>6</u>

Noncash information:

Right of Use (“ROU”) assets recognized for new operating lease liabilities	\$	<u>987</u>	\$	<u>53</u>
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**P & F INDUSTRIES, INC. AND SUBSIDIARIES**  
**NON-GAAP FINANCIAL MEASURE AND RECONCILIATION**

**COMPUTATION OF (EBITDA) - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION,  
AND AMORIZATION**

**(UNAUDITED)**

<b>(In Thousands \$)</b>	<b>For the three-month periods ended</b>		<b>For the six-month periods ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Net income (loss) (2)	\$ (21)	\$ 2,423	\$ (639)	\$ 2,116
Add:				
Depreciation and amortization	622	608	1,222	1,218
Interest expense (income)	86	(15)	138	7
Income tax expense (benefit)	<u>76</u>	<u>(89)</u>	<u>(20)</u>	<u>(159)</u>
	<u>784</u>	<u>504</u>	<u>1,340</u>	<u>1,066</u>
EBITDA (1)	<u>\$ 763</u>	<u>\$ 2,927</u>	<u>\$ 701</u>	<u>\$ 3,182</u>

(1) The Company discloses a tabular comparison of EBITDA, 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 EBITDA provides greater insight into the Company’s results of operations for the periods presented. EBITDA should not be considered in isolation or as a substitute for operating income as reported on the face of our statement of operations.

(2) Included in the three- and six-month Net income for 2021 is the forgiveness of the \$2,929,200 PPP loan.

**### End ###**