

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

**CONSOLIDATED BALANCE SHEETS**

<b>(In Thousands \$)</b>	<b><u>June 30, 2023</u></b> <b><u>(Unaudited)</u></b>	<b><u>December 31, 2022</u></b> <b><u>(Audited)</u></b>
<b><u>Assets</u></b>		
Cash	\$ 657	\$ 667
Accounts receivable - net	9,885	7,370
Inventories	21,096	24,491
Prepaid expenses and other current assets	<u>1,018</u>	<u>2,753</u>
<b>Total current assets</b>	<u>32,656</u>	<u>35,281</u>
Net property and equipment	10,008	9,363
Goodwill	4,829	4,822
Other intangible assets - net	4,991	5,326
Deferred income taxes - net	431	629
Right-of-use assets – operating leases	5,103	5,521
Other assets – net	<u>75</u>	<u>62</u>
<b><u>Total assets</u></b>	<u>\$ 58,093</u>	<u>\$ 61,004</u>
<b><u>Liabilities and Shareholders' Equity</u></b>		
Short-term borrowings	\$ 5,340	\$ 7,570
Accounts payable	1,958	3,094
Accrued compensation and benefits	1,500	1,757
Accrued other liabilities	1,796	1,002
Current leased liabilities – operating leases	<u>817</u>	<u>1,020</u>
<b>Total current liabilities</b>	<u>11,411</u>	<u>14,443</u>
Noncurrent leased liabilities – operating leases	4,317	4,535
Other liabilities	<u>56</u>	<u>70</u>
<b><u>Total liabilities</u></b>	<u>15,784</u>	<u>19,048</u>
<b><u>Total shareholders' equity</u></b>	<u>42,309</u>	<u>41,956</u>
<b><u>Total liabilities and shareholders' equity</u></b>	<u>\$ 58,093</u>	<u>\$ 61,004</u>

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

**CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

<b>(In Thousands \$)</b>	<b><u>Three months ended June 30,</u></b>		<b><u>Six months ended June 30,</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Net revenue	\$ 16,163	\$ 17,810	\$ 31,906	\$ 31,831
Cost of sales	<u>10,328</u>	<u>12,174</u>	<u>20,328</u>	<u>21,684</u>
Gross profit	5,835	5,636	11,578	10,147
Selling, general & administrative exp	<u>5,368</u>	<u>5,479</u>	<u>10,543</u>	<u>10,652</u>
Operating income (loss)	467	157	1,035	(505)
Other (expense) income	(4)	(16)	31	(16)
Interest expense	<u>(107)</u>	<u>(86)</u>	<u>(216)</u>	<u>(138)</u>
Income (loss) before income tax	356	55	850	(659)
Income tax (expense) benefit	<u>(119)</u>	<u>(76)</u>	<u>(276)</u>	<u>20</u>
Net income (loss)	\$ <u>237</u>	\$ <u>(21)</u>	\$ <u>574</u>	\$ <u>(639)</u>

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

**Six months  
ended June 30,**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	\$ 574	\$ (639)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Non-cash and other charges:		
Depreciation	1,020	881
Amortization of other intangible assets	346	341
Amortization of operating lease assets	474	471
Amortization of debt issue costs	21	8
Amortization of consideration payable to a customer	—	135
Provision for losses on accounts receivable	47	42
Stock-based compensation	16	1
Stock-based compensation – exercise of options	—	38
Restricted stock-based compensation	14	19
Deferred income taxes	287	(20)
Gain on sale of fixed assets	(16)	(5)
Changes in operating assets and liabilities:		
Accounts receivable	(2,547)	(2,276)
Inventories	3,445	(353)
Prepaid expenses and other current assets	1,735	1,302
Accounts payable	(1,138)	(778)
Accrued compensation and benefits	(261)	681
Accrued other liabilities and other current liabilities	708	(524)
Payments on lease liabilities	(477)	(461)
Other liabilities	(14)	(17)
Total adjustments	3,660	(515)
Net cash provided by (used in) operating activities	4,234	(1,154)
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(1,682)	(923)
Proceeds from the sale of fixed assets	34	—
Purchase of net assets of Jackson Gear Company business	—	(2,300)
Net cash used in investing activities	(1,648)	(3,223)
<b>Cash Flows from Financing Activities:</b>		
Dividends paid	(320)	—
Proceeds from exercise of stock options	—	2
Bank Financing costs	(35)	—
Net payments relating to short-term borrowings	(2,230)	4,304
Net cash (used in) provided by financing activities	(2,585)	4,306
Effect of exchange rate changes on cash	(11)	(37)
Net decrease in cash	(10)	(108)
Cash at beginning of period	667	539
Cash at end of period	\$ 657	\$ 431
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest	\$ 255	\$ 114
Taxes	\$ 10	\$ 124
Noncash information:		
Right of Use (“ROU”) assets recognized for new operating lease liabilities	\$ —	\$ 987

**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 June 30,</b>		<b>For the six-month periods ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net income (loss)	\$ 237	\$ (21)	\$ 574	\$ (639)
Add:				
Depreciation and amortization	682	622	1,366	1,222
Interest expense (income)	107	86	216	138
Income tax expense (benefit)	119	76	276	(20)
	<u>908</u>	<u>784</u>	<u>1,858</u>	<u>1,340</u>
EBITDA (1)	\$ <u>1,145</u>	\$ <u>763</u>	\$ <u>2,432</u>	\$ <u>701</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.

**### End ###**