

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

CONSOLIDATED BALANCE SHEETS

(In Thousands \$)	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
<u>Assets</u>		
Cash	\$ 561	\$ 667
Accounts receivable - net	9,139	7,370
Inventories	23,654	24,491
Prepaid expenses and other current assets	<u>1,112</u>	<u>2,753</u>
Total current assets	<u>34,466</u>	<u>35,281</u>
Net property and equipment	9,758	9,363
Goodwill	4,825	4,822
Other intangible assets - net	5,158	5,326
Deferred income taxes - net	472	629
Right-of-use assets – operating leases	5,309	5,521
Other assets – net	78	62
Total assets	<u>\$ 60,066</u>	<u>\$ 61,004</u>
<u>Liabilities and Shareholders' Equity</u>		
Short-term borrowings	\$ 7,602	\$ 7,570
Accounts payable	2,219	3,094
Accrued compensation and benefits	1,009	1,757
Accrued other liabilities	1,647	1,002
Current leased liabilities – operating leases	<u>916</u>	<u>1,020</u>
Total current liabilities	<u>13,393</u>	<u>14,443</u>
Noncurrent leased liabilities – operating leases	4,426	4,535
Other liabilities	<u>63</u>	<u>70</u>
Total liabilities	<u>17,882</u>	<u>19,048</u>
Total shareholders' equity	<u>42,184</u>	<u>41,956</u>
Total liabilities and shareholders' equity	<u>\$ 60,066</u>	<u>\$ 61,004</u>

P & F INDUSTRIES, INC., AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)**

(In Thousands \$)	<u>Three months Ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Net revenue	\$ 15,742	\$ 14,021
Cost of sales	<u>10,000</u>	<u>9,510</u>
Gross profit	5,742	4,511
Selling, general and administrative expenses	<u>5,175</u>	<u>5,173</u>
Operating income (loss)	567	(662)
Other income	36	---
Interest expense	<u>(109)</u>	<u>(52)</u>
Income (loss) before income taxes	494	(714)
Income tax (expense) benefit	<u>(157)</u>	<u>96</u>
Net income (loss)	\$ <u>337</u>	\$ <u>(618)</u>

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

Three months Ended
March 31,

	2023	2022
Cash Flows from Operating Activities:		
Net income (loss)	\$ 337	\$ (618)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Non-cash and other charges:		
Depreciation	511	443
Amortization of other intangible assets	173	157
Operating lease expense	237	232
Amortization of debt issue costs	19	4
Amortization of consideration payable to a customer	---	67
Provision for (recovery of) provision for losses on accounts receivable	23	(12)
Stock-based compensation	8	1
Restricted stock-based compensation	9	8
Deferred income taxes	168	(102)
Gain on disposal of fixed assets	(21)	---
Dividends declared but not yet paid	(160)	---
Changes in operating assets and liabilities:		
Accounts receivable	(1,783)	(844)
Inventories	861	(3,243)
Prepaid expenses and other current assets	1,640	(144)
Accounts payable	(876)	716
Accrued compensation and benefits	(749)	270
Accrued other liabilities and other current liabilities	639	(672)
Operating lease liabilities	(239)	(226)
Other liabilities	(7)	(9)
Total adjustments	453	(3,354)
Net cash provided by (used in) by operating activities	790	(3,972)
Cash Flows from Investing Activities:		
Capital expenditures	\$ (905)	\$ (380)
Proceeds from the sale of fixed assets	21	---
Purchase of net assets of the Jackson Gear Company business	---	(2,300)
Net cash used in investing activities	(884)	(2,680)
Cash Flows from Financing Activities:		
Bank financing costs	(35)	---
Net proceeds from short-term borrowings	33	6,757
Net cash (used in) provided by financing activities	(2)	6,757
Effect of exchange rate changes on cash	(10)	(2)
Net (decrease) increase in cash	(106)	103
Cash at beginning of period	667	539
Cash at end of period	\$ 561	\$ 642

Supplemental disclosures of cash flow information:

Cash paid for:

Interest \$ 119 \$ 36

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 (EBITDIA) - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION,
IMPAIRMENT, AND AMORIZATION**
(UNAUDITED)

(In Thousands \$)	For the Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>
Net income (loss)	\$ 337	\$ (618)
Add:		
Depreciation and amortization	684	600
Interest expense	109	52
Income tax expense (benefit)	<u>157</u>	<u>(96)</u>
EBITDA (1)	<u>\$ 1,287</u>	<u>\$ (62)</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

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