

Boss Holdings, Inc. and Subsidiaries

Consolidated Balance Sheets (Dollars in Thousands, Except Per Share Data)

	June 25, 2022 (Unaudited)	December 25, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 27,667	\$ 32,981
Accounts receivable	5,512	6,449
Inventories	22,648	19,672
Prepaid expenses and other	874	996
Income tax receivable	529	463
Total current assets	57,230	60,561
Property and equipment, net	2,618	2,719
Finance lease right of use assets, net	38	50
Operating lease right of use assets, net	676	1,063
Marketable equity securities	396	1,334
Deferred tax asset	1,230	1,230
Intangibles, net of accumulated amortization	287	307
Goodwill	2,853	2,853
	\$ 65,328	\$ 70,117
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of operating lease liabilities	\$ 700	\$ 831
Current portion of finance lease liabilities	18	19
Accounts payable	4,646	5,488
Accrued payroll and related expenses	719	2,165
Accrued promotional expenses	-	-
Income tax payable	-	-
Other accrued liabilities	2,521	2,665
Total current liabilities	8,604	11,168
Noncurrent liabilities:		
Long-term operating lease liabilities	-	277
Long-term finance lease liabilities	23	33
Other long-term liabilities	7	7
Total noncurrent liabilities	30	317
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Common stock, \$.25 par value; authorized 10,000,000 shares; issued and outstanding 1,986,296 shares in 2022 and 2021	497	497
Additional paid-in capital	64,814	64,814
Accumulated (deficit)	(8,009)	(6,100)
Accumulated other comprehensive (loss)	(608)	(579)
Total stockholders' equity	56,694	58,632
	\$ 65,328	\$ 70,117

Boss Holdings, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income (Loss)
Periods Ended June 25, 2022 and June 26, 2021
(Dollars in Thousands, Except Per Share Data)

	Quarter Ended 6/25/22	Quarter Ended 6/26/21	Six Months Ended 6/25/22	Six Months Ended 6/26/21
Net sales	\$ 15,477	\$ 15,423	\$ 31,379	\$ 29,012
Cost of sales	<u>12,273</u>	<u>11,401</u>	<u>24,826</u>	<u>21,923</u>
Gross profit	3,204	4,022	6,553	7,089
Operating expenses	<u>3,877</u>	<u>3,702</u>	<u>7,824</u>	<u>7,279</u>
Operating (loss)	(673)	320	(1,271)	(190)
Other income (expenses):				
Interest income	1	1	3	1
Interest expense	-	(8)	(1)	(11)
Change in unrealized gains and losses on marketable equity securities	<u>(642)</u>	<u>(159)</u>	<u>(938)</u>	<u>(586)</u>
Other	<u>(2)</u>	<u>204</u>	<u>84</u>	<u>7,619</u>
	(643)	38	(852)	7,023
(Loss) from continuing operations before income tax (benefit)	(1,316)	358	(2,123)	6,833
Income tax (benefit)	<u>(113)</u>	<u>100</u>	<u>(217)</u>	<u>(40)</u>
Net (loss) from continuing operations	(1,203)	258	(1,906)	6,873
Discontinued operations (Note 13):				
Income (loss) from discontinued operations of Boss Manufacturing and Boss Canada ULC	<u>(2)</u>	<u>(8)</u>	<u>-</u>	<u>(11)</u>
Income tax expense (benefit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss) from discontinued operations	(2)	(8)	-	(11)
Net income (loss)	(1,205)	250	(1,906)	6,862
Other comprehensive income (loss), foreign currency translation adjustments	<u>-</u>	<u>(3)</u>	<u>(29)</u>	<u>(4)</u>
Comprehensive income (loss)	\$ (1,205)	\$ 247	\$ (1,935)	\$ 6,858
Basic earnings (loss) per common share:				
Continuing operations	\$ (0.61)	\$ 0.10	\$ (0.96)	\$ 3.44
Discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.01)</u>
Basic earnings (loss) per common share	\$ (0.61)	\$ 0.10	\$ (0.96)	\$ 3.43
Diluted earnings (loss) per common share:				
Continuing operations	\$ (0.60)	\$ 0.10	\$ (0.95)	\$ 3.39
Discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.01)</u>
Diluted earnings (loss) per common share	\$ (0.60)	\$ 0.10	\$ (0.95)	\$ 3.38

Boss Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows Periods Ended June 25, 2022 and June 26, 2021 (Dollars in Thousands)

	Six Months Ended June 25, 2022	Six Months Ended June 26, 2021
Cash flows from operating activities:		
Continuing operations:		
Net (loss) from continuing operations	\$ (1,906)	\$ 6,873
Adjustments to reconcile net (loss) from continuing operations to net cash provided by (used in) continuing operations:		
Depreciation and amortization	844	998
(Gain) on disposition of property and equipment, net	-	-
(Gain) loss on investment activity - PIP Holdings	-	(7,569)
Share-based compensation and related tax benefits	-	5
Deferred tax expense (benefit)	-	-
Change in unrealized (gains) losses on marketable equity securities	938	574
Changes in assets and liabilities net of acquisitions:		
(Increase) decrease in:		
Accounts receivable	951	(200)
Inventories	(2,976)	(1,256)
Prepaid expenses and other	122	(178)
Other assets	-	-
Increase (decrease) in:		
Operating lease liabilities	(408)	(416)
Accounts payable	(765)	391
Accrued liabilities	(1,656)	(4,413)
Other liabilities	-	29
Net cash used in continuing operations	(4,856)	(5,162)
Discontinued operations:		
Net income (loss) from discontinued operations	-	(11)
Adjustments to reconcile net income (loss) from discontinued operations to net cash provided by (used in) discontinued operations:		
(Gain) loss on disposal of discontinued operations	-	-
Depreciation and amortization	-	30
(Gain) on disposition of property and equipment, net	-	-
Deferred tax expense (benefit)	-	-
Changes in assets and liabilities net of acquisitions:		
(Increase) decrease in:		
Accounts receivable	(14)	10
Inventories	-	-
Prepaid expenses and other	-	-
Other assets	-	-
Increase (decrease) in:		
Accounts payable	(80)	(82)
Accrued liabilities	-	(22)
Net cash used in discontinued operations	(94)	(75)
Net cash used in operating activities	\$ (4,950)	\$ (5,237)

(Continued)

Boss Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
Periods Ended June 25, 2022 and June 26, 2021
(Dollars in Thousands)

	Six Months Ended June 25, 2022	Six Months Ended June 26, 2021
Cash flows from investing activities:		
Continuing operations:		
Purchases of intangible assets	(62)	(36)
Purchases of property and equipment	\$ (262)	\$ (56)
Proceeds from disposition of property and equipment	-	-
Proceeds from sale of available-for-sale securities	-	78
Proceeds from sale of investment activity - PIP Holdings	-	17,569
Payments for business combinations	-	-
Net cash (used in) provided by continuing operations	(324)	17,555
Discontinued operations:		
Purchases of property and equipment	-	-
Proceeds from disposition of property and equipment	-	-
Proceeds from disposal of Boss Manufacturing and Boss Canada ULC	-	-
Net cash provided by (used in) discontinued operations	-	-
Net cash (used in) provided by investing activities	(324)	17,555
Cash flows from financing activities:		
Continuing operations:		
Repurchase of common stock	-	-
Repayment of long-term obligations	-	-
Proceeds from long-term obligations	-	-
Repayment of finance lease liabilities	(11)	(19)
Proceeds from exercise of stock options	-	-
Net cash used in continuing operations	(11)	(19)
Discontinued operations:		
Repayment of long-term obligations	-	-
Repayment of finance lease liabilities	-	-
Net cash used in discontinued operations	-	-
Net cash used in financing activities	(11)	(19)
Effect of exchange rate changes on cash	(29)	1
(Decrease) Increase in cash and cash equivalents	(5,314)	12,300
Cash and cash equivalents:		
Beginning	32,981	21,818
Ending	\$ 27,667	\$ 34,118