

Boss Holdings, Inc. and Subsidiaries
Consolidated Balance Sheets
(Dollars in Thousands, Except Per Share Data)

	June 26, 2021	December 26, 2020
Assets	(Unaudited)	
Current Assets:		
Cash and cash equivalents	34,118	21,818
Accounts receivable, net of allowance for doubtful accounts and returns	6,089	6,304
Inventories	15,953	14,697
Prepaid expenses and other	645	467
Other Investment, cost method	-	10,000
Income tax receivable	670	-
Total current assets	57,476	53,286
Property and Equipment, net	2,638	3,063
Finance lease right of use assets, net	57	79
Operating lease right of use assets, net	1,171	1,576
Marketable equity securities	1,233	1,885
Deferred tax asset	2,514	2,514
Intangibles, net of accumulated amortization	318	402
Goodwill	2,853	2,853
	68,261	65,658
Liabilities and Stockholders' Equity		
Current Liabilities:		
Current portion of operating lease liabilities	704	818
Current portion of finance lease liabilities	20	27
Accounts payable	3,144	2,833
Accrued payroll and related expenses	678	1,454
Accrued promotional expenses	-	405
Income tax payable	326	3,376
Other accrued liabilities	2,107	2,024
Total current liabilities	6,980	10,937
Long-term operating lease liabilities	551	853
Long-term finance lease liabilities	42	54
Other long-term liabilities	7	-
Total noncurrent liabilities	600	907
Stockholders' Equity:		
Common stock, \$.25 par value; authorized 10,000,000 shares; issued and outstanding 1,986,296 shares in 2020 and 2021	497	497
Additional paid-in capital	64,840	64,835
Accumulated (deficit)	(4,037)	(10,899)
Accumulated other comprehensive (loss)	(618)	(619)
Total stockholders' equity	60,682	53,814
	68,261	65,658

Boss Holdings, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
Periods Ended June 26, 2021 and June 27, 2020
(Dollars in Thousands, Except Per Share Data)

	Quarter Ended 6/26/21	Quarter Ended 6/27/20	Six Months Ended 6/26/21	Six Months Ended 6/27/20
Net sales	\$15,423	\$11,278	\$29,012	\$23,352
Cost of sales	11,401	8,927	21,923	18,043
Gross profit	4,022	2,351	7,089	5,309
Operating expenses	3,702	3,453	7,279	7,356
Operating income (loss)	320	(1,102)	(190)	(2,047)
Other income (expense):				
Interest income	1	27	1	27
Interest expense	(8)	6	(11)	(1)
Change in unrealized gain (loss) on marketable securities	(159)	883	(586)	897
Other (expense) income; realized distribution/gain on other investment	204	106	7,619	106
	38	1,022	7,023	1,029
Income (loss) from continuing operations before income tax expense (benefit)	358	(80)	6,833	(1,108)
Income tax expense (benefit)	100	(247)	(40)	(495)
Net income (loss) from continuing operations	258	167	6,873	(523)
Discontinued operations:				
Income (loss) from discontinued operations	(8)	(1)	(11)	(277)
Income tax expense (benefit)	-	-	-	(50)
Net income (loss) from discontinued operations	(8)	(1)	(11)	(227)
Net income (loss)	250	166	6,862	(750)
Other comprehensive income (loss); foreign currency translation adjustments	(3)	16	(4)	11
Comprehensive income (loss)	\$ 247	182	6,859	\$ (739)
Basic earnings (loss) per common share				
Continuing operations	\$ 0.10	\$ 0.05	\$ 3.44	\$ (0.27)
Discontinued operations	-	0.03	(0.01)	(0.11)
Basic earnings (loss) per common share	\$ 0.10	\$ 0.08	\$ 3.43	\$ (0.38)
Diluted earnings (loss) per common share				
Continuing operations	\$ 0.10	\$ 0.05	\$ 3.39	\$ (0.26)
Discontinued operations	-	0.03	(0.01)	(0.11)
Diluted earnings (loss) per common share	\$ 0.10	\$ 0.08	\$ 3.38	\$ (0.37)

Boss Holdings, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months Ended June 26, 2021 and June 27, 2020
(Dollars in Thousands, Except Per Share Data)

	Six Months Ended June 26, 2021	Six Months Ended June 27, 2020
Cash flows from operating activities:		
<u>Continuing operations:</u>		
Net income (loss) from continuing operations	\$ 6,873	\$ (523)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by (used in) continuing operations:		
Depreciation and amortization	998	1,022
(Gain) loss from investment activity - PIP Holdings	(7,569)	-
Share-based compensation and related tax benefits	5	34
Deferred tax expense (benefit)	-	-
Change in unrealized (gains) losses on marketable equity securities	574	(896)
Changes in assets and liabilities net of acquisitions:		
(Increase) decrease in:		
Accounts receivable	(200)	988
Inventories	(1,256)	1,915
Prepaid expenses and other	(178)	(280)
Other assets	-	(14)
Increase (decrease) in:		
Operating lease liabilities	(416)	(331)
Accounts payable	391	570
Accrued liabilities	(4,413)	(1,550)
Other	29	-
Net cash provided by (used in) continuing operations	(5,162)	935
<u>Discontinued operations:</u>		
Net income (loss) from discontinued operations	(11)	(227)
Adjustments to reconcile net income (loss) from discontinued operations to net cash provided by (used in) discontinued operations:		
Depreciation and amortization	30	7
Changes in assets and liabilities net of acquisitions:		
(Increase) decrease in:		
Accounts receivable	10	61
Increase (decrease) in:		
Accounts payable	(82)	(898)
Accrued liabilities	-	(960)
Other	(22)	-
Net cash provided by (used in) discontinued operations	(75)	(2,017)
Net cash provided by (used in) operating activities	(5,237)	(1,082)

(Continued)

Boss Holdings, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months Ended June 26, 2021 and June 27, 2020
(Dollars in Thousands, Except Per Share Data)

	2021	2020
Cash flows from investing activities:		
<u>Continuing operations:</u>		
Purchases of intangible assets	\$ (36)	-
Purchases of property and equipment	(56)	(152)
Proceeds from sale of available-for-sale securities	78	-
Proceeds from investment activity - PIP Holdings	17,569	-
Net cash provided by (used in) continuing operations	17,555	(152)
<u>Discontinued operations:</u>		
Gain (loss) on disposal of fixed assets	-	5
Net cash provided by (used in) discontinued operations	-	5
Net cash provided by (used in) investing activities	17,555	(147)
Cash flows from financing activities:		
<u>Continuing operations:</u>		
Repayment of finance lease liabilities	(19)	(8)
Repayment of long-term obligations	-	-
Net cash provided by (used in) continuing operations	(19)	(8)
Net cash provided by (used in) financing activities	(19)	(8)
Effect of exchange rate changes on cash	1	11
Increase (decrease) in cash and cash equivalents	12,300	(1,226)
Cash and cash equivalents:		
Beginning	21,818	26,744
Ending	\$ 34,118	\$ 25,518