

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

| Assets | September 25, 2021 | December 26, 2020 |
|---|---------------------------|--------------------------|
| | (Unaudited) | |
| Current Assets: | | |
| Cash and cash equivalents | 34,264 | 21,818 |
| Accounts receivable, net of allowance for doubtful accounts | 5,693 | 6,304 |
| Inventories | 16,480 | 14,697 |
| Prepaid expenses and other | 611 | 467 |
| Other Investment, cost method | 0 | 10,000 |
| Income tax receivable | 731 | - |
| Total current assets | 57,778 | 53,286 |
| Property and Equipment, net | 2,620 | 3,063 |
| Finance lease right of use assets, net | 57 | 79 |
| Operating lease right of use assets, net | 965 | 1,576 |
| Marketable equity securities | 1,517 | 1,885 |
| Deferred tax asset | 2,514 | 2,514 |
| Intangibles, net of accumulated amortization | 289 | 402 |
| Goodwill | 2,853 | 2,853 |
| | 68,593 | 65,658 |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities: | | |
| Current portion of operating lease liabilities | 630 | 818 |
| Current portion of finance lease liabilities | 27 | 27 |
| Accounts payable | 3,535 | 2,833 |
| Accrued payroll and related expenses | 732 | 1,454 |
| Income tax payable | 326 | 3,376 |
| Other accrued liabilities | 2,117 | 2,024 |
| Total current liabilities | 7,367 | 10,937 |
| Long-term operating lease liabilities | 396 | 853 |
| Long-term finance lease liabilities | 40 | 54 |
| Other long-term liabilities | 7 | - |
| Total noncurrent liabilities | 443 | 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) | (3,935) | (10,899) |
| Accumulated other comprehensive (loss) | (618) | (619) |
| Total stockholders' equity | 60,783 | 53,814 |
| | 68,593 | 65,658 |

Boss Holdings, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
Periods Ended September 25, 2021 and September 26, 2020
(Dollars in Thousands, Except Per Share Data)

| | Quarter Ended 9/25/21 | Quarter Ended 9/26/20 | Nine Months Ended 9/25/21 | Nine Months Ended 9/26/20 |
|---|-----------------------------|-----------------------------|---------------------------------|---------------------------------|
| Net sales | \$15,565 | \$11,974 | \$44,577 | \$35,326 |
| Cost of sales | 11,888 | 9,386 | 33,589 | 27,429 |
| Gross profit | 3,677 | 2,588 | 10,988 | 7,897 |
| Operating expenses | 3,953 | 3,768 | 11,459 | 11,124 |
| Operating income (loss) | (276) | (1,180) | (471) | (3,227) |
| Other income (expense): | | | | |
| Interest income | 3 | - | 4 | 57 |
| Interest expense | (4) | - | (14) | (1) |
| Change in unrealized gain (loss) on marketable securities | 283 | - | (302) | 360 |
| Other (expense) income; realized distribution/gain on other investment | 123 | - | 7,672 | 243 |
| | 406 | - | 7,360 | 659 |
| Income (loss) from continuing operations before income tax expense (benefit) | 130 | (1,180) | 6,889 | (2,568) |
| Income tax expense (benefit) | (51) | - | (92) | (758) |
| Net income (loss) from continuing operations | 181 | (1,180) | 6,980 | (1,810) |
| Discontinued operations: | | | | |
| Income (loss) from discontinued operations | (4) | - | (15) | (565) |
| Income tax expense (benefit) | - | - | - | (166) |
| Net income (loss) from discontinued operations | (8) | (1) | (11) | (227) |
| Net income (loss) | 178 | (1,180) | 6,965 | (2,209) |
| Other comprehensive income (loss); foreign currency translation adjustments | 4 | - | (3) | 56 |
| Comprehensive income (loss) | \$ 182 | \$(1,180) | \$ 6,962 | \$ (2,153) |
| Basic earnings (loss) per common share | | | | |
| Continuing operations | \$ 0.09 | \$ (0.65) | \$ 3.51 | \$ (0.92) |
| Discontinued operations | - | (0.08) | (0.01) | (0.19) |
| Basic earnings (loss) per common share | \$ 0.09 | \$ (0.73) | \$ 3.50 | \$ (1.11) |
| Diluted earnings (loss) per common share | | | | |
| Continuing operations | \$ 0.09 | \$ (0.64) | \$ 3.47 | \$ (0.90) |
| Discontinued operations | - | (0.09) | (0.01) | (0.20) |
| Diluted earnings (loss) per common share | \$ 0.09 | \$ (0.73) | \$ 3.46 | \$ (1.10) |

Boss Holdings, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Nine Months Ended September 25, 2021 and September 26, 2020
(Dollars in Thousands, Except Per Share Data)

| | Nine Months Ended Sept. 25, 2021 | Nine Months Ended Sept. 26, 2020 |
|--|---|---|
| Cash flows from operating activities: | | |
| <u>Continuing operations:</u> | | |
| Net income (loss) from continuing operations | \$ 6,980 | \$ (1,810) |
| Adjustments to reconcile net income (loss) from continuing operations to net cash provided by (used in) continuing operations: | | |
| Depreciation and amortization | 1,447 | 1,694 |
| (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 | 290 | (360) |
| Changes in assets and liabilities net of acquisitions: | | |
| (Increase) decrease in: | | |
| Accounts receivable | 196 | 1,877 |
| Inventories | (1,783) | 1,028 |
| Prepaid expenses and other | (145) | (832) |
| Other assets | - | (30) |
| Increase (decrease) in: | | |
| Operating lease liabilities | (645) | (640) |
| Accounts payable | 784 | (1,275) |
| Accrued liabilities | (4,388) | (1,373) |
| Other | 7 | - |
| Net cash provided by (used in) continuing operations | (4,821) | (1,687) |
| <u>Discontinued operations:</u> | | |
| Net income (loss) from discontinued operations | (15) | (399) |
| Adjustments to reconcile net income (loss) from discontinued operations to net cash provided by (used in) discontinued operations: | | |
| Depreciation and amortization | 47 | 7 |
| Changes in assets and liabilities net of acquisitions: | | |
| (Increase) decrease in: | | |
| Accounts receivable | 10 | 404 |
| Prepaid expenses and others | - | 89 |
| Increase (decrease) in: | | |
| Accounts payable | (82) | (883) |
| Accrued liabilities | (22) | (1,080) |
| Other | - | - |
| Net cash provided by (used in) discontinued operations | (62) | (1,862) |
| Net cash provided by (used in) operating activities | (4,883) | (3,549) |

(Continued)

Boss Holdings, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Nine Months Ended September 25, 2021 and September 26, 2020
(Dollars in Thousands, Except Per Share Data)

| | 2021 | 2020 |
|---|------------------|------------------|
| Cash flows from investing activities: | | |
| <u>Continuing operations:</u> | | |
| Purchases of intangible assets | \$ (91) | - |
| Purchases of property and equipment | (224) | (281) |
| Proceeds from disposition of property and equipment | 5 | - |
| Loss (gain) on disposition of property and equipment, net | 5 | - |
| 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 | 17,342 | (281) |
| <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 | 17,342 | (276) |
| Cash flows from financing activities: | | |
| <u>Continuing operations:</u> | | |
| Repayment of finance lease liabilities | (14) | (23) |
| Repayment of long-term obligations | - | - |
| Net cash provided by (used in) continuing operations | (14) | (23) |
| Net cash provided by (used in) financing activities | (14) | (23) |
| Effect of exchange rate changes on cash | 1 | (56) |
| Increase (decrease) in cash and cash equivalents | 12,446 | (3,904) |
| Cash and cash equivalents: | | |
| Beginning | 21,818 | 26,744 |
| Ending | \$ 34,264 | \$ 22,840 |