

## Boss Holdings, Inc. and Subsidiaries

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

	September 24, 2022 (Unaudited)	December 25, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 23,688	\$ 32,981
Accounts receivable	5,462	6,449
Inventories	23,112	19,672
Prepaid expenses and other	1,120	996
Income tax receivable	950	463
<b>Total current assets</b>	<b>54,332</b>	<b>60,561</b>
Property and equipment, net	2,632	2,719
Finance lease right of use assets, net	34	50
Operating lease right of use assets, net	501	1,063
Marketable equity securities	336	1,334
Deferred tax asset	1,230	1,230
Intangibles, net of accumulated amortization	486	307
Goodwill	3,288	2,853
	<b>\$ 62,839</b>	<b>\$ 70,117</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Current portion of operating lease liabilities	\$ 440	\$ 831
Current portion of finance lease liabilities	18	19
Accounts payable	3,650	5,488
Accrued payroll and related expenses	913	2,165
Accrued promotional expenses	-	-
Income tax payable	-	-
Other accrued liabilities	2,211	2,665
<b>Total current liabilities</b>	<b>7,232</b>	<b>11,168</b>
Noncurrent liabilities:		
Long-term operating lease liabilities	69	277
Long-term finance lease liabilities	19	33
Other long-term liabilities	186	7
<b>Total noncurrent liabilities</b>	<b>274</b>	<b>317</b>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$.25 par value; authorized 10,000,000 shares; issued 2,004,617 shares, outstanding 1,967,975 shares in 2022 and 1,986,296 shares in 2021	497	497
Treasury stock, at cost - 18,321 shares in 2022 and none in 2021	(425)	-
Additional paid-in capital	64,820	64,814
Accumulated (deficit)	(8,952)	(6,100)
Accumulated other comprehensive (loss)	(607)	(579)
<b>Total stockholders' equity</b>	<b>55,333</b>	<b>58,632</b>
	<b>\$ 62,839</b>	<b>\$ 70,117</b>

**Boss Holdings, Inc. and Subsidiaries**

**Consolidated Statements of Comprehensive Income (Loss)  
Periods Ended September 24, 2022 and September 25, 2021  
(Dollars in Thousands, Except Per Share Data)**

	Quarter Ended 9/24/22	Quarter Ended 9/25/21	Nine Months Ended 9/24/22	Nine Months Ended 9/25/21
Net sales	\$ 15,495	\$ 15,565	\$ 46,874	\$ 44,577
Cost of sales	<u>12,899</u>	<u>11,888</u>	<u>37,725</u>	<u>33,589</u>
<b>Gross profit</b>	<b>2,596</b>	<b>3,677</b>	<b>9,149</b>	<b>10,988</b>
Operating expenses	<u>4,061</u>	<u>3,953</u>	<u>11,885</u>	<u>11,459</u>
<b>Operating (loss)</b>	<b>(1,465)</b>	<b>(276)</b>	<b>(2,736)</b>	<b>(471)</b>
Other income (expenses):				
Interest income	70	3	73	4
Interest expense	-	(4)	(3)	(14)
Change in unrealized gains and losses on marketable equity securities	(60)	283	(998)	(302)
Other (expense) income; realized distribution/gain on other investment	-	123	-	7,672
Other	<u>147</u>	<u>-</u>	<u>231</u>	<u>-</u>
<b>(Loss) from continuing operations before income tax (benefit)</b>	<b>(1,308)</b>	<b>129</b>	<b>(3,433)</b>	<b>6,889</b>
Income tax (benefit)	<u>(372)</u>	<u>(51)</u>	<u>(589)</u>	<u>(92)</u>
<b>Net (loss) from continuing operations</b>	<b>(936)</b>	<b>180</b>	<b>(2,844)</b>	<b>6,981</b>
Discontinued operations:				
Income (loss) from discontinued operations	(7)	(4)	(7)	(15)
Income tax expense (benefit)	-	-	-	-
<b>Net income (loss) from discontinued operations</b>	<b>(7)</b>	<b>(4)</b>	<b>(7)</b>	<b>(15)</b>
<b>Net income (loss)</b>	<b>(943)</b>	<b>176</b>	<b>(2,851)</b>	<b>6,966</b>
Other comprehensive income (loss), foreign currency translation adjustments	<u>1</u>	<u>4</u>	<u>(28)</u>	<u>(3)</u>
<b>Comprehensive income (loss)</b>	<b>\$ (942)</b>	<b>\$ 180</b>	<b>\$ (2,879)</b>	<b>\$ 6,963</b>
Basic earnings (loss) per common share:				
Continuing operations	\$ (0.48)	\$ 0.09	\$ (1.91)	\$ 3.51
Discontinued operations	-	-	-	(0.01)
<b>Basic earnings (loss) per common share</b>	<b>\$ (0.48)</b>	<b>\$ 0.09</b>	<b>\$ (1.91)</b>	<b>\$ 3.50</b>
Diluted earnings (loss) per common share:				
Continuing operations	\$ (0.47)	\$ 0.09	\$ (1.89)	\$ 3.47
Discontinued operations	-	-	-	(0.01)
<b>Diluted earnings (loss) per common share</b>	<b>\$ (0.47)</b>	<b>\$ 0.09</b>	<b>\$ (1.89)</b>	<b>\$ 3.46</b>

## Boss Holdings, Inc. and Subsidiaries

### Consolidated Statements of Cash Flows

Periods Ended September 24, 2022 and September 25, 2021

(Dollars in Thousands)

	Nine Months Ended September 24, 2022	Nine Months Ended September 25, 2021
Cash flows from operating activities:		
Continuing operations:		
Net (loss) from continuing operations	\$ (2,845)	\$ 6,980
Adjustments to reconcile net (loss) from continuing operations to net cash provided by (used in) continuing operations:		
Depreciation and amortization	1,264	1,447
(Gain) on disposition of property and equipment, net	-	5
(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	998	290
Changes in assets and liabilities net of acquisitions:		
(Increase) decrease in:		
Accounts receivable	1,001	196
Inventories	(3,211)	(1,783)
Prepaid expenses and other	(124)	(145)
Other assets	-	-
Increase (decrease) in:		
Operating lease liabilities	(599)	(645)
Accounts payable	(1,787)	784
Accrued liabilities	(2,193)	(4,388)
Other liabilities	4	7
<b>Net cash used in continuing operations</b>	<b>(7,492)</b>	<b>(4,816)</b>
Discontinued operations:		
Net income (loss) from discontinued operations	(7)	(15)
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	-	47
(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	(45)	(82)
Accrued liabilities	-	(22)
<b>Net cash used in discontinued operations</b>	<b>(66)</b>	<b>(62)</b>
<b>Net cash used in operating activities</b>	<b>\$ (7,558)</b>	<b>\$ (4,878)</b>

(Continued)

## Boss Holdings, Inc. and Subsidiaries

### Consolidated Statements of Cash Flows (Continued) Periods Ended September 24, 2022 and September 25, 2021 (Dollars in Thousands)

	Nine Months Ended September 24, 2022	Nine Months Ended September 25, 2021
Cash flows from investing activities:		
Continuing operations:		
Purchases of intangible assets	(82)	(91)
Purchases of property and equipment	\$ (456)	\$ (224)
Proceeds from disposition of property and equipment	-	5
Proceeds from sale of available-for-sale securities	-	78
Proceeds from sale of investment activity - PIP Holdings	-	17,569
Payments for business combinations	(729)	-
<b>Net cash (used in) provided by continuing operations</b>	<b>(1,267)</b>	<b>17,337</b>
Discontinued operations:		
Purchases of property and equipment	-	-
Proceeds from disposition of property and equipment	-	-
Proceeds from disposal of Boss Manufacturing and Boss Canada ULC	-	-
<b>Net cash provided by (used in) discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Net cash (used in) provided by investing activities</b>	<b>(1,267)</b>	<b>17,337</b>
Cash flows from financing activities:		
Continuing operations:		
Repurchase of common stock	(425)	-
Repayment of long-term obligations	-	-
Proceeds from long-term obligations	-	-
Repayment of finance lease liabilities	(15)	(14)
Proceeds from exercise of stock options	-	-
<b>Net cash used in continuing operations</b>	<b>(440)</b>	<b>(14)</b>
Discontinued operations:		
Repayment of long-term obligations	-	-
Repayment of finance lease liabilities	-	-
<b>Net cash used in discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Net cash used in financing activities</b>	<b>(440)</b>	<b>(14)</b>
Effect of exchange rate changes on cash	(28)	1
<b>(Decrease) Increase in cash and cash equivalents</b>	<b>(9,293)</b>	<b>12,446</b>
Cash and cash equivalents:		
Beginning	32,981	21,818
Ending	\$ 23,688	\$ 34,264