



BOSS HOLDINGS, INC.

Report to Shareholders

Sale of Assets of Boss Manufacturing's Gloves, Boots, and Rainwear Operations

December 4, 2019

Boss Manufacturing Company ("Boss") today announced that it has closed on the sale of assets of its gloves, boots, and rainwear business to Protective Industrial Products, Inc. ("PIP") of Latham, New York.

Boss, a wholly owned subsidiary of Boss Holdings, Inc. (BSHI), has been a leading supplier of work gloves and personal protective gear to both the consumer and industrial markets, including CAT[®] branded work gloves and safety products. PIP is an international supplier of personal protective equipment and is a portfolio company of Audax Group, a diversified private equity firm headquartered in Boston, Massachusetts with over 20 years of middle market experience and strategic investments in over 130 companies.

Total consideration to Boss in the transaction was \$35 million, consisting of a \$10 million contribution of assets in exchange for a minority equity interest in PIP's parent company, PIP Acquisition Holdings, LP, and the remainder in cash. Boss utilized a portion of the proceeds from the sale to pay off its existing bank debt of approximately \$3.67 million. In connection with the transaction, Boss has agreed to provide transition services to PIP for a period of up to 120 days following closing in exchange for a fee. The operational services will include warehousing, order fulfillment, sales support, order entry, accounting, customer service and data support.

After the sale, Boss and Boss Holdings retain their Kewanee, Illinois headquarters, warehouse facilities and the majority of their operating staff. The transaction provides Boss Holdings additional working capital and operational flexibility for its remaining businesses.

Other subsidiaries of Boss Holdings, Inc. include:

- Boss Pet Products, Inc. and PetEdge LLC, headquartered in Oakwood Village, Ohio and Beverly, Massachusetts, respectively, nationwide distributors of a broad line of pet toys and pet supplies to retailers and an industry-leading ecommerce marketer of pet grooming products to pet groomers, boarders, veterinarians and individual consumers through PetEdge.com.
- Galaxy Balloons, Incorporated, based in Cleveland, Ohio, a leading supplier of imprinted balloons, sport balls, ornaments and drinkware to the promotional products industry.
- Boss Tech Products, Inc. d/b/a Aries Manufacturing, a distributor of a wide range of cell phone accessories, including Cat[®] branded chargers, power packs, cords and speakers.

FORWARD-LOOKING STATEMENTS

This report may contain various forward-looking statements. Such forward-looking statements involve a number of assumptions, risks and uncertainties that could cause the actual results to differ materially from those matters expressed in or implied by such forward-looking statements. They involve known and unknown risks, uncertainties, and other factors, which are in some cases beyond the control of the company.