



**P & F INDUSTRIES, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

<b>(In Thousands \$)</b>	<b><u>March 31, 2021</u></b> <b><u>(Unaudited)</u></b>	<b><u>December 31, 2020</u></b> <b><u>(Audited)</u></b>
<b><u>Assets</u></b>		
Cash	\$ 1,047	\$ 904
Accounts receivable - net	9,538	7,468
Inventories	18,631	18,362
Prepaid expenses and other current assets	<u>2,471</u>	<u>2,806</u>
<b>Total current assets</b>	<b><u>31,687</u></b>	<b><u>29,540</u></b>
Net property and equipment	9,009	9,395
Goodwill	4,451	4,449
Other intangible assets - net	6,070	6,226
Deferred income taxes - net	298	226
Right-of-use assets – operating leases	3,118	3,281
Other assets – net	178	250
<b>Total assets</b>	<b><u>\$ 54,811</u></b>	<b><u>\$ 53,367</u></b>
<b><u>Liabilities and Shareholders' Equity</u></b>		
Short-term borrowings	\$ 3,481	\$ 1,374
Accounts payable	1,715	2,199
Accrued compensation and benefits	897	525
Accrued other liabilities	1,247	1,354
Current lease liabilities – operating leases	847	847
Current maturities of long-term debt (PPP loan)	<u>2,727</u>	<u>1,983</u>
<b>Total current liabilities</b>	<b><u>10,914</u></b>	<b><u>8,282</u></b>
Non-current lease liabilities – operating leases	2,315	2,474
Long-term debt, less current maturities (PPP loan)	202	946
Other liabilities	<u>119</u>	<u>127</u>
<b>Total liabilities</b>	<b><u>13,550</u></b>	<b><u>11,829</u></b>
<b>Total shareholders' equity</b>	<b><u>41,261</u></b>	<b><u>41,538</u></b>
<b>Total liabilities and shareholders' equity</b>	<b><u>\$ 54,811</u></b>	<b><u>\$ 53,367</u></b>

**P&F INDUSTRIES, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)**

<b>(In Thousand \$)</b>	<b>Three months ended March 31,</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
Cash Flows from Operating Activities:		
Net loss	\$ (307)	\$ (758)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash and other charges:		

Depreciation and amortization	451	433
Amortization of other intangible assets	159	195
Amortization of operating lease assets	224	234
Amortization of debt issue costs	4	4
Amortization of consideration payable to a customer	67	67
Provision for losses on accounts receivable	47	15
Stock-based compensation	2	16
Restricted stock-based compensation	13	13
Deferred income taxes	(70)	(47)
Loss on disposal of fixed assets	2	—
Changes in operating assets and liabilities:		
Accounts receivable	(2,113)	720
Inventories	(263)	524
Prepaid expenses and other current assets	335	(528)
Accounts payable	(483)	482
Accrued compensation and benefits	372	(894)
Accrued other liabilities and other current liabilities	(97)	(556)
Operating lease liabilities	(219)	(230)
Other liabilities	(20)	(6)
Total adjustments	<u>(1,589)</u>	<u>442</u>
Net cash used in operating activities	<u>(1,896)</u>	<u>(316)</u>
Cash Flows from Investing Activities:		
Capital expenditures	\$ <u>(68)</u>	\$ <u>(658)</u>
Net cash used in investing activities	<u>(68)</u>	<u>(658)</u>
Cash Flows from Financing Activities:		
Dividend payments	—	(157)
Proceeds from exercise of stock options	—	3
Net proceeds from short-term borrowings	<u>2,107</u>	<u>1,284</u>
Net cash provided by financing activities	<u>2,107</u>	<u>1,130</u>
Effect of exchange rate changes on cash	—	(5)
Net increase in cash	143	151
Cash at beginning of period	904	380
Cash at end of period	<u>\$ 1,047</u>	<u>\$ 531</u>
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest	\$ <u>8</u>	\$ <u>53</u>
Cash paid for amounts included in the measurement of operating lease liabilities	\$ <u>2</u>	\$ <u>—</u>
Non-cash information:		
Right of Use (“ROU”) assets recognized for new operating lease liabilities	\$ 23	\$ —

## P&F INDUSTRIES INC. AND SUBSIDIARIES

### LOSS PER SHARE (UNAUDITED)

	<b><u>Three months ended March 31,</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
Basic and diluted loss per share	<u>\$ (0.10)</u>	<u>\$ (0.24)</u>

**P & F INDUSTRIES, INC. AND SUBSIDIARIES**  
**NON-GAAP FINANCIAL MEASURE AND RECONCILIATION**

**COMPUTATION OF (EBITDA) - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AND AMORIZATION**

**(UNAUDITED)**

<b>(In Thousands \$)</b>	<b>Three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net loss	\$ (307)	\$ (758)
Add:		
Depreciation and amortization	610	628
Interest expense	22	55
Income tax benefit	<u>(70)</u>	<u>(505)</u>
EBITDA (1)	<u>\$ 255</u>	<u>\$ (580)</u>

- (1) The Company discloses a tabular comparison of EBITDA, which is a non-GAAP measure because it is instrumental in comparing the results from period to period. The Company's management believes that the comparison of EBITDA provides greater insight into the Company's results of operations for the periods presented. EBITDA should not be considered in isolation or as a substitute for operating income as reported on the face of our statement of operations.

### End ###