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## PAUL MUELLER COMPANY SIX-MONTH REPORT

Unaudited (In thousands) CONSOLIDATED STATEMENTS OF INCOME

		Ionth: une 3	s Ended 0	Six Mor Ju	nths E ine 30		Twelve Mont June	nded
	 2022		2021	 2022		2021	 2022	2021
Net Sales	\$ 45,977	\$	49,278	\$ 86,752	\$	94,557	\$ 176,808	\$ 200,290
Cost of Sales	35,542		33,909	67,403		65,747	137,823	139,159
Gross Profit	\$ 10,435	\$	15,369	\$ 19,349	\$	28,810	\$ 38,985	\$ 61,131
Selling, General and Administrative Expense	10,397		11,553	20,637		22,861	41,660	45,027
Goodwill Impairment Expense	-		-	-		-	-	15,397
Operating Income (Loss)	\$ 38	\$	3,816	\$ (1,288)	\$	5,949	\$ (2,675)	\$ 707
Interest Expense	(117)		(91)	(505)		(542)	(705)	(825)
PPP Loan Forgiveness	-		-	-		-	1,884	-
Other Income (Expense)	 (126)		2,004	 138		2,042	 940	2,808
Income (Loss) before Provision (Benefit) for Income Taxes	\$ (205)	\$	5,729	\$ (1,655)	\$	7,449	\$ (556)	\$ 2,690
Provision (Benefit) for Income Taxes	 (56)		949	 (384)		1,368	 (205)	3,889
Net Income (Loss)	\$ (149)	\$	4,780	\$ (1,271)	\$	6,081	\$ (351)	\$ (1,199)
Earnings (Loss) per Common Share -Basic	(\$0.14)		\$4.38	(\$1.17)		\$5.56	(\$0.32)	(\$1.05)
Diluted	(\$0.14)		\$4.38	(\$1.17)		\$5.56	(\$0.32)	(\$1.05

	Six Moi Ju	nths En ine 30	ded
	 2022		2021
Net Income (Loss) Other Comprehensive Income, Net of Tax:	\$ (1,271)	\$	6,081
Foreign Currency Translation Adjustment	(2,292)		(847
Comprehensive Income (Loss)	\$ (3,563)	\$	5,234

CONSOLIDATED	BALANCE SHEETS		
	June 30 2022	De	cember 31 2021
Cash and Short-Term Investments	\$ 16,090	\$	11,281
Accounts Receivable	21,446	•	25.774
Inventories (FIFO)	56,534		43,309
LIFO Reserve	(20,402	)	(16,855)
Inventories (LIFO)	36,132	/	26,454
Current Net Investments in Sales-Type Leases	21		23
Other Current Assets	3,214		1,814
Current Assets	\$ 76,903	\$	65,346
Net Property, Plant, and Equipment	39,321		41,250
Right of Use Assets	2,208		2,526
Other Assets	7,414		7,003
Long-Term Net Investments in Sales-Type Leases	191		164
Total Assets	\$ 126,037	\$	116,289
Accounts Payable	\$ 14,029	\$	14,470
Current Maturities and Short-Term Debt	1.240	Ψ	1.330
Current Lease Liabilities	420		483
Advance Billings	34,039		18,595
Other Current Liabilities	10,502		9,096
Current Liabilities	\$ 60,230	\$	43,974
Long-Term Debt	12,762		14.241
Long-Term Pension Liabilities	16,585		18,036
Other Long-Term Liabilities	2,328		1,848
Lease Liabilities	766		897
Total Liabilities	\$ 92,671	\$	78,996
Shareholders' Investment	33,366		37,293
Total Liabilities and Shareholders' Investment	\$ 126,037	\$	116,289

Balance, December 31, 2021         S         1.508         S         9.708         S         7.2,764         S         (10,749)         S         (35,986)         S           Net Income (Loss)         Other Comprehensive Income (Loss), Net of Tax Dividends, S, 15 per Common Share         (1.271)         (2.292)			SELECT	ED FINA	NCIAL DAT	A						
Book Value per Common Share Total Shares Outstanding Backlog         334.32 1.085,711         334.32 1.085,711           CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT           Accumulated Other Stream           Consolitated Statement of SHAREHOLDERS' INVESTMENT           Accumulated Other Stream           Consolitated Statement of SHAREHOLDERS' INVESTMENT           Accumulated Other Common           Stream           Consolitated State Statement Stream           Consolitate Statement (coss)           Stream										De		
Total Shares Outstanding Backing         1         1.085,671         5         1.085,661           CONSOLIDATED STATEMENT OF SMAREHOLDERS INVESTMENT           Accumulated Silvance, December 31, 2021         Solid         Paid-in Surplus Solid         Relational Earning Solid         Treasury Stock Solid         Accumulated Common Solid         Accumulated Solid         Accumulated Common Solid         Paid-in Surplus Solid         Treasury Stock Solid         Common Solid         Accumulated Common Solid         Common Solid         Paid-in Surplus Solid         Treasury Stock Solid         Common Solid         Solid         Solid	Book Value per Con	nmon St	nare									
CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT         Accumulated Other Comprehensive Comprehensive Determined (Loss)         Accumulated Other Comprehensive Comprehensive Dividends, S1 (201)         Accumulated Other Comprehensive (Loss)         Consolidation Comprehensive Comprehensive Dividends, S1 (201)         Consolidation Comprehensive Co			are									
Common         Retained         Accombined           Stock         \$ 1,008         \$ 9,708         \$ 172,704         \$ 100,709         \$ (25,938)         \$ 1           Note Comprehensive Income (Loss)         (1271)         (1271)         (2,292)         \$ (35,938) </th <th>Backlog</th> <th>-</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th>\$</th> <th>141,719</th> <th>\$</th> <th>78,357</th> <th></th>	Backlog	-						\$	141,719	\$	78,357	
Stance, December 31, 2021         Stock         Padd-in Surplus         Retained Earnings         Treasury Stock         Other (nonne (Loss)         T           Net Income (Loss)         Net Income (Loss), Net of Tax         (1271)         (2.292)         (2.292)           Dividend, 51, 1508         \$ 0,708         \$ 71,167         \$ (0.707)         \$ (38,092)         \$ (38,092)           Stance, June 30, 2022         \$ 1,508         \$ 0,708         \$ 71,167         \$ (0.707)         \$ (38,023)         \$ (38,023)           Stance, June 30, 2022         \$ 1,508         \$ 0,708         \$ 71,167         \$ (0.707)         \$ (38,023)         \$ (38,023)           Alance, June 30, 2022         \$ 1,508         \$ 0,702         \$ (1,271)         \$ (0.81,020)         \$ (1,271)         \$ (0.81,020)           Alance, June 30, 2022         \$ 1,508         \$ 0,702         \$ (1,271)         \$ (0.81,020)         \$ (1,271)         \$ (0.81,020)           Net Income (Loss)         Net Income (Loss)         \$ (1,271)         \$ (0.81,020)         \$ (1,271)         \$ (0.81,020)         \$ (1,271)         \$ (0.81,020)         \$ (1,271)         \$ (0.81,020)         \$ (1,61)         \$ (1,271)         \$ (0.81,020)         \$ (1,61)         \$ (1,61)         \$ (1,62)         \$ (1,61)         \$ (1,62)         \$ (1,61)         \$ (	CONSOLI	DATED	STATEMI	ENT OF S	HAREHOLD	ERS	' INVESTMI	ENT				
Statuce, December 31, 2021         Statuce, December 31, 2021         Statuce, Status         Relating         Comparison         Comparison         Comparison         Comparison         Comparison         Comparison         Comparison         Comparison         Status										Ac	cumulated	
Stock         Paid-Rsurpuix         Earnings         Treasury Stock         Income (Loss)         T           Met Income (Loss)         1.508         9.708         \$72.764         \$(10.749)         \$(2593)         \$(2593)           Other Comprehensive Income (Loss), Net of Tax Dividends, 5.15 per Common Share         (1271)         (2292)         (238)           Stance, June 30, 2022         \$1508         \$9.708         \$71.167         \$(10.767)         \$(38,020)         \$           Stance, June 30, 2022         \$1508         \$9.708         \$71.167         \$(10.767)         \$(38,020)         \$           Alance, June 30, 2022         \$1508         \$9.708         \$71.167         \$(10.767)         \$(38,020)         \$           Alance, June 30, 2022         \$1508         \$9.708         \$71.167         \$(10.767)         \$(10.		0				-	) atainad			Car		
Statence, December 31, 2021         S         1.508         S         9.708         S         72.764         S         (10.749)         S         (35.936)         S           Net Income (Loss)         (1.271)         (2.292)				Paid-i	n Surplus			Trea	asurv Stock		•	Total
Not income (Loss)       (1.271)       (2.292)         Dirde Comprehensive Income (Loss), Net of Tax       (3.26)       (3.8)       (3.8)         Treasury Stock Acquisition       (3.26)       (3.8)       (3.8)       (3.8)         Jatance, June 30, 2022       \$ 1.508       \$ 9.708       \$ 7.1167       \$ (10.787)       \$ (38.200)       \$         ConsolLibateD statement of Cash Provided (Required) by Operating Activities:       Six Months       Six Months       Six Months         Persion Contributions (Greater) Less than Expense       (1.451)       (1.921)       \$ 6.081         Adjustment to Reconcile Net Income to Net Cash Provided (Required) by Operating Activities:       (1.451)       (1.921)         Persion Contributions (Greater) Less than Expense       (1.451)       (1.921)         Bad Debt Expense (Recovery)       3.1328       3.228       3.277         Der (Iro) In Actis and Notes Reservable       (4.313)       (4.613)         Open (Iro) In Actis and Notes Reservable       (1.451)       (1.921)         De (Iro) In Actis and Notes Reservable       (2.5)       (3.24)         (Iro) In Interment in Sales-type leases       (25)       (37)         (Iro) In Interment in Sales-type leases       (25)       (37)         De (Iro) In Accounts Payable       (1.410)       (1.77) <td>3alance, December 31, 2021</td> <td></td> <td>\$ 37,29</td>	3alance, December 31, 2021											\$ 37,29
Other Comprehensive Income (Loss), Net of Tax         (2.292)           Dividends, SJ. Sper Common Share Treasury, Stock Acquisition         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)         (3.27)         (3.26)												 
Dividends, \$15 per Common Share         (320)         (33)         (320)           Treasury Stock Acquisition         (310)         (320)         (330)         (320)           Balance, June 30, 2022         (310)         (310)         (320)         (320)         (320)           CONSOLIDATED STATEMENT OF CASH FLOWS           Six Months           Six Months           Consolidate Distributions (Consolidation Consolidation							(1,271)				(2 202)	(1,27 (2,29)
Treasury Stock Acquisition         3         1.508         9.708         7.1167         3         (38)         3         3           Balance, June 30, 2022         S         CONSOLIDATED STATEMENT OF CASH FLOWS         Six Months							(326)				(2,292)	(2,29)
Consolutated statement of Cash Flows           Bit Months Ended June 30,2021         Sit Months Ended June 30,2021           Operating Activities:         \$ (1,271)         \$ 6.081           Adjustment to Reconcile Net Income to Net Cash Provided (Required) by Operating Activities: Pension Contributions (Greater) Less than Expense         (1,451)         (1,921)           Bit Debt Expense (Recovery)         3.028         3.277         (Gain) Loss on Sales of Equipment         (3)         (18)           Operating Activities:         -         (1,884)         (1,884)         (1,884)           Change in Assets and Liabilities         -         (1,884)         (1,610)         (1,400)         (14)           Dec (Inc) in Accts and Notes Receivable         4,313         (4,618)         (1,00)         (1,400)         (14)           (Inc) be in Drepayments         (1,400)         (14)         (757         (25)         (37)           Open in Acctual Inome Tax         (1)         -         (8,825)         (61,947)           (Inc) be in Drepayments         (1440)         757         (25)         (37)           Open in Acctual Inome Tax         (1)         -         (38)         (4,061)           Inc in Advanced Informs         (25)         (11)         -         (16)         -	•						()		(38)			 (38
Six Months Ended         Six Months Ended         Six Months Ended           Vertice         June 30.2021         June 30.2021           Net income (Loss)         \$ (1.271)         \$ 6.081           Adjustment to Reconcile Net Income to Net Cash Provided (Required) by Operating Activities: Pension Contributions (Greater) Less than Expense         (1.451)         (1.921)           Bad Debt Expense (Recovery)         30.028         3.2277           (Gain) Loss on Sales of Equipment         30.028         3.2277           (Gain) Loss on Sales of Equipment         (3)         (18)           Dec (Inc) in Accts and Notes Receivable         4.313         (4.618)           (Inc) in Net Investment in Sales-type leases         (25)         (37)           (Inc) in Net Investment in Sales-type leases         (25)         (37)           Dec in Other Acsets         251         611           (Dec) in Other Accruel Expenses         1.689         (461)           Inc (Dec) in Other Accruel Expenses         1.689         (461)           Inc in Lease Liability for Financing         218         (11)           Inc (Dec) in Differ Coreal Expenses         1.689         (461)           Inc in Case Incounts Tax         (1)         -         1.692           Inc in Lease Liability for Financing         2.21<	Salance, June 30, 2022	\$	1,508	\$	9,708	\$	71,167	\$	(10,787)	\$	(38,230)	\$ 33,36
Six Months Ended         Six Months Ended         Six Months Ended           Vertating Activities:		CONSO		STATEM	ENT OF CA	SH F	LOWS					
Operating Activities:June 30, 202June 30, 202Net income (Loss)\$(1,271)\$6,081Adjustment to Reconcile Net Income to Net Cash Provided (Required) by Operating Activities:(1,451)(1,921)Pension Contributions (Greater) Less than Expense(1,451)(1,921)Bad Debt Expense (Recovery)3,0283,277(Gain) Loss on Sales of Equipment(3)(18)PPP Loan Forgiveness-(1,884)Dec (nc) in Accts and Notes Receivable4,313(4,616)(Inc) in Cost in Excess of Estimated Earnings and Billings(3,8225)(5,947)(Inc) in Ocst in Excess of Estimated Earnings and Billings(26)(37)Dec (n Other Acsts and Loss)(26)(37)Dec in Other Assets(26)(37)Dec in Other Assets(26)(37)Dec in Other Assets(26)(37)Dec in Other Accounts Payable(441)77-(Dec) In in Accounts Payable(441)77-(Dec) In Cher Accounts Payable(441)77-(Dec) In Cher Accounts Payable(1,60)(1,69)(Dec) In Cher Accounts Payable(1,60)(1,61)In ci Lasse Liability for Operating(218)(1,192)In ci Lasse Liability for Operating(218)(1,192)In ci Lasse Liability for Operating Activities\$10,854\$Principal payments of Lease Liability for Financing(116)(163)Net Cash Provided (Required) by Operating Activities\$(10,82)Principal payments o								S	ix Months	S	ix Months	
Operating Activities:         s         (1.271)         \$         6.081           Adjustment to Reconcile Net Income to Net Cash Provided (Required) by Operating Activities:         Pension Contributions (Greater) Less than Expense         (1.451)         (1.921)           Bad Debt Expense (Recovery)         15         (44)           Depreciation & Amoritzation         3.028         3.277           (Gain) Loss on Sales of Equipment         (3)         (18)           PPP Loan Progriveness         -         (1.864)           Desc (Inc) in Acts and Notes Receivable         4.313         (4.618)           (Inc) in Cost in Excess of Estimated Earnings and Billings         (25)         (5.947)           (Inc) in Inventories         (1.400)         14           (Inc) in Inventories         (1.400)         14           (Inc) cost in Excess of Estimated Earnings and Billings         (25)         (37)           Dec in Other Assets         251         611           (Dec) in Accured Income Tax         (1.400)         14           (Dec) in Carued Income Tax         (1.400)         14           (Dec) in Carued Income Tax         (1.441)         757           (Dec) in Chreaterule Expenses         15.444         7.944           (Dec) in Billings in Excess of Costs and Estimated Earnings<								-		-		
Net Income Loss)\$(1,271)\$6,081Adjustment to Reconcile Net Income to Net Cash Provided (Required) by Operating Activities: Persion Contributions (Greater) Less than Expense Bad Debt Expense (Recovery)(1,451)(1,921)Bad Debt Expense (Recovery)3,0283,277(Gain) Loss on Sales of Equipment3,0283,277(Cain) Loss on Sales of Equipment(1,844)Dec (Inc) in Accts and Notes Receivable4,313(4,618)(Inc) in Inventiones(8,925)(5,947)(Inc) in Nects and Notes Receivable(1,400)14(Inc) in Inventiones(2,5)(37)Dec (Inc) Notes Assets251611(Dec) in Cots In Excess of Estimated Earnings and Billings(1,400)14(Inc) in Inventiones(1,400)14(Inc) in Networthores(1,411)757(Inc) De not Prepayments(1,441)757(Dec) in Other Assets(25)(37)Dec (Inc) Other Ascrued Expenses(10)-Inc (Dec) in Other Ascrued Expenses(11)-Inc (Dec) in Other Ascrued Expenses(12)(1,982)Inc in Lease Liability for Operating(218)(137)(Dec) In Other Ascrued Expenses(108)(47)Net Cash Provided (Required) by Operating Activities\$(3,823)\$Inc in Lease Liability for Operating(218)(137)(Dec) In Other Long-Term Liabilities\$(108)(47)Net Cash Required) for Investing Activities\$\$(3,823)\$ </td <td>Operating Activities</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Jur</td> <td>ie 30, 2022</td> <td>Ju</td> <td>ne 30,2021</td> <td></td>	Operating Activities							Jur	ie 30, 2022	Ju	ne 30,2021	
Adjustment to Reconcile Net Income to Net Cash Provided (Required) by Operating Activities: <ul> <li>Pension Contributions (Greater) Less than Expense</li> <li>(1.451)</li> <li>(1.921)</li> <li>Bad Debt Expense (Recovery)</li> <li>(3)</li> <li>(1.921)</li> <li>Depreciation &amp; Amortization</li> <li>(3)</li> <li>(1.884)</li> </ul> <li>Dereciation &amp; Amortization</li> <ul> <li>(3)</li> <li>(1.884)</li> </ul> <ul> <li>(1.884)</li> <li>Change in Assets and Liabilities</li> <li>(1.61)</li> <li>(1.62)</li> <li>(1.61)</li> <li>(1.62)</li> <li>(1.61)</li> <li>(1.62)</li> <li>(1.61)</li> <li>(1.62)</li> <li>(1.61)</li> <li>(1.61)</li> <li>(1.61)</li> <li>(1.61)</li> <li>(1.62)</li> <li>(1.61)</li> <li>(1.62)</li> <li>(1.61)</li> <li>(1.62)</li> <li>(1.61)</li> <li>(1.61)</li> <li>(1.61)</li> <li>(1.62)</li> <li>(1.62)</li> <li>(1.62)</li> <li>(1.61)</li> <li>(1.62)</li> <li>(1.62)</li> <li>(1.61)</li> <li>(1.62)</li> <li>(1.62)</li> <li>(1.62)</li> <li>(1.61)</li> <li>(1.62)</li> <li>(1.62)</li> <li>(1.62)</li> <li>(1.62)<td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>¢</td><td>(4.074)</td><td>¢</td><td>0.004</td><td></td></li></ul>								¢	(4.074)	¢	0.004	
Pension Contributions (Greater) Less than Expense       (1,451)       (1,4521)         Bad Debt Expense (Recovery)       15       (44)         Depreciation & Amortization       3,028       3,277         (Gain) Loss on Sales of Equipment       (3)       (18)         PPP Loan Forgiveness       -       (1,884)         Change in Assets and Liabilities       -       (824)         Dec (inc) in Accts and Notes Receivable       4,313       (4,618)         (inc) In Accts and Notes Receivable       4,313       (4,618)         (inc) In Accts and Notes Receivable       (1,400)       14         (inc) In Net Investment in Sales-type leases       (25)       (37)         Dec in Other Assets       251       611         (Dec) in Courd Income Tax       (1)       -         (Inc) Recured Income Tax       (1)       -         (Dec) in Other Accrued Expenses       15,444       7,944         (Dec) in Other Long-Tenancing       (281)       (1,892)         Inc in Lease Liability for Operating       -       43         Principal payments of Lease Liability for Operating       (218)       (137)         (Dec) in Cin Other Long-Tenancing       (108)       (47)         Net Cash Provided (Required) by Operating Activities	Net Income (Loss)							\$	(1,271)	\$	6,081	
Bad Debt Expense (Recovery)         15         (44)           Depreciation & Amorization         3,028         3,227           (Gain) Loss on Sales of Equipment         (3)         (18)           PPP Loan Forgiveness         -         (1.884)           Change in Assels and Liabilities         -         (1.884)           Dec (Inc) in Accts and Notes Receivable         4.313         (4.618)           (Inc) in Cost in Excess of Estimated Earnings and Billings         -         (822)           (Inc) in Cost in Excess of Estimated Earnings and Billings         -         (825)           (Inc) in Net Investment in Sales-type leases         (25)         (37)           Dec in Other Assets         251         611           (Dec) no In Accounts Payable         (441)         757           (Dec) no In Accounts Payable         (441)         757           (Dec) no In Accounts Payable         (189)         (4.061)           Inc in Lease Liability for Operating         (218)         (137)           (Dec) no In Other Accuet Expenses         15.444         7.944           (Dec) no In Other Accuet Expenses         (218)         (137)           In in Lease Liability for Operating         (218)         (137)           (Dec) no In Other Accuet Expenses         (3828) </td <td></td> <td></td> <td></td> <td>(Required</td> <td>d) by Opera</td> <td>ting /</td> <td>Activities:</td> <td></td> <td>(4 454)</td> <td></td> <td>(4.004)</td> <td></td>				(Required	d) by Opera	ting /	Activities:		(4 454)		(4.004)	
Depreciation & Amoritzation         3,028         3,227           (Gain) Loss on Sales of Equipment         (3)         (18)           PPL Loan Forgiveness         -         (1,884)           Change in Assets and Liabilities         -         (8,245)           Dec (Inc) in Accts and Notes Receivable         4,313         (4,618)           (Inc) in Inventories         (8,225)         (5,547)           (Inc) in Inventories         (8,225)         (5,547)           (Inc) in Net Investment in Sales-type leases         (25)         (37)           Dec in Other Assets         (25)         (37)           Dec in Other Assets         (25)         (37)           (Dec) In Chard Assets         (1)         -           (Dec) In Chard Assets         (1)         -           (Dec) In Chard Assets         (28)         (441)           (Dec) In Chard Assets         (28)         (4061)           Inc in Accound Income Tax         (1)         -           (Dec) In Billings in Excess of Costs and Estimated Earnings         (281)         (1,982)           Inc in Lease Liability for Operating         -         43           Principal payments of Lease Liability for Operating         -         43           Proxeeds from Sales of Equipment <td></td> <td>an Expe</td> <td>ense</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td> ,</td> <td></td> <td> ,</td> <td></td>		an Expe	ense						,		,	
(Gain) Loss on Sales of Equipment       (3)       (18)         PPP Loan Forgiveness       -       (1,884)         Change in Assets and Liabilities       -       (1,884)         Dec (Inc) in Accts and Notes Receivable       4,313       (4,616)         (Inc) in Cost in Excess of Estimated Earnings and Billings       -       (824)         (Inc) in Cost in Excess of Estimated Earnings and Billings       -       (824)         (Inc) in NeetInvestment in Sales-type leases       (25)       (37)         Dec in Other Assets       251       611         (Dec) In Accounts Payable       (441)       757         (Dec) In Other Accrued Expenses       1,689       (4,061)         Inc in Accounts Payable       11,444       7,944         (Dec) In Other Accrued Expenses       11,899       (4061)         Inc in Accounts Poperating       238       51         Inc in Lease Liability for Operating       238       51         Inc in Lease Liability for Operating       238       51         Inc in Lease Liability for Pinancing       -       43         Principal payments of Lease Liability for Operating       (218)       (137)         (Dec) In in Other Long-Term Liabilities       (108)       (47)         Net Cash Provided (Required) by	· · · · · · · · · · · · · · · · · · ·											
PPP Loan Forgiveness       -       (1,884)         Change in Assets and Liabilities       -       (1,884)         Dec (inc) in Accts and Notes Receivable       4,313       (4,618)         (Inc) in Cost in Excess of Estimated Earnings and Billings       -       (824)         (Inc) in Cost in Excess of Estimated Earnings and Billings       -       (824)         (Inc) in Net Investment in Sales-type leases       (25)       (37)         Dec (in Other Assets       251       6111         (Dec) In Carcued Income Tax       (1)       -         Inc (Dec) in Other Accrued Expenses       1,689       (4,061)         Inc in Advanced Billings       15,444       7,944         (Dec) in Other Accrued Expenses       1,689       (4,061)         Inc in Lease Liability for Operating       (218)       (11,982)         Inc in Lease Liability for Operating       (218)       (137)         (Dec) In Cin Other Long-Term Liabilities       (108)       (477)         Net Cash Provided (Required) by Operating Activities       \$       (3,822)       \$         Principal payments of Lease Liability for Financing       (108)       (471)       \$         Net Cash Required) by Operating Activities       \$       (3,822)       \$       (2,184)         Prin	-											
Dec (Inc) in Accts and Notes Receivable         4,313         (4,618)           (Inc) in Inventories         -         (824)           (Inc) in Inventories         (8,925)         (5,947)           (Inc) in Net Investment in Sales-type leases         (25)         (37)           Dec in Other Assets         251         611           (Dec) In Chronome Tax         (1441)         757           (Dec) in Other Accrued Expenses         (1441)         757           (Dec) in Chronome Tax         (1)         -           (Dec) in Chrer Accrued Expenses         15,444         7,944           (Dec) in Billings in Excess of Costs and Estimated Earnings         (281)         (1,982)           Inc in Lease Liability for Operating         238         51           Inc in Lease Liability for Operating         (218)         (137)           (Dec) in Cither Long-Term Liabilities         (108)         (47)           Net Cash Provided (Required) by Operating Activities         \$         10,854         \$         (2,742)           Investing Activities         \$         10,854         \$         (2,188)         (2,188)           Net Cash Provided (Required) by Operating Activities         \$         3         24           Additions to Property, Plant, and Equipment									-		. ,	
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Cash and Cash Equivalents at End of Quarter <u>\$ 16,090</u> <u>\$ 11,601</u>	Cash and Cash Equivalents at End of QU	ai (81						φ	10,090	φ	11,001	

## PAUL MUELLER COMPANY SUMMARIZED NOTES TO THE FINANCIAL STATEMENTS

- (1) Results of Operations: (In thousands)
  - **A.** The chart below depicts the net revenue on a consolidating basis for the three months ended June 30.

Three Months Ended June 30					
Revenue	2022	2021			
Domestic	\$34,315	\$37,494			
Mueller BV	\$12,058	\$12,194			
Eliminations	(\$396)	(\$410)			
Net Revenue	\$45,977	\$49,278			

The chart below depicts the net revenue on a consolidating basis for the six months ended June 30.

Six Months Ended June 30					
Revenue	2022	2021			
Domestic	\$62,431	\$70,991			
Mueller BV	\$25,038	\$24,221			
Eliminations	(\$717)	(\$655)			
Net Revenue	\$86,752	\$94,557			

The chart below depicts the net revenue on a consolidating basis for the twelve months ended June 30.

Twelve Months Ended June 30					
Revenue	2022	2021			
Domestic	\$128,519	\$154,353			
Mueller BV	\$49,637	\$47,045			
Eliminations	(\$1,348)	(\$1,108)			
Net Revenue	\$176,808	\$200,290			

The chart below depicts the net income (loss) on a consolidating basis for the three months ended June 30.

Three Months Ended June 30				
Net Income	2022	2021		
Domestic	\$237	\$4,766		
Mueller BV	(\$386)	\$11		
Eliminations	\$0	\$3		
Net Income (Loss)	(\$149)	\$4,780		

The chart below depicts the net income (loss) on a consolidating basis for the six months ended June 30.

Six Months Ended June 30					
Net Income	2021				
Domestic	(\$650)	\$6,448			
Mueller BV	(\$622)	(\$383)			
Eliminations	\$1	\$16			
Net Income (Loss)	(\$1,271)	\$6,081			

The chart below depicts the net loss on a consolidating basis for the twelve months ended June 30.

Twelve Months Ended June 30					
Net Income	Vet Income 2022				
Domestic	\$230	\$14,180			
Mueller BV	(\$604)	(\$15,403)			
Eliminations	\$23	\$24			
Net Loss	(\$351)	(\$1,199)			

- B. Key headlines for the quarter,
  - Backlog increased during the quarter to \$141.7 million.
  - Cash has increased \$4.8 million in the first six months. Advanced deposits from customers grew \$15.4 million in line with the increased backlog. Inventories increased (\$8.9 million) to support the backlog as did capital expenditures (\$3.8 million).

- Revenue and profits for the first half of the year were lower than expected as the Company worked through the older backlog that was not adequately priced for the current inflation. Production has been slowed by the shortage or delay of key components.
- The Company's results have been negatively affected by an increase in the LIFO reserve. Pre-tax earnings were reduced by \$3.5 million year-to-date and \$6.4 million for trailing twelve months. This increase in the reserve is due to inflation, and an increase in inventory to produce the larger backlog.
- The Company has aggressively marketed referral and bonus programs to attract new workers with some success as new workers are needed for the large backlog.
- Farmer unrest which started in the Netherlands and has spread to other parts of the EU poses a challenge for Mueller BV.
- C. The following comparisons exclude Mueller Field Operations (MFO) which was sold on December 31, 2021. June 30, 2022 backlog is \$141.7 million compared to \$78.4 million at December 31, 2021 and \$76.1 million at June 30, 2021. Most business unit backlogs are higher led by the pharmaceutical groups. Orders entered for the first six months of 2022 were \$148.4 million compared to \$98.9 for the first six months of 2021. Most of these orders have been priced to account for inflation which should allow for better margins in the second half of 2022.

On July 5, 2022, the Dutch government passed new emission standards that require a 50% reduction in emission of pollutants by 2030. This includes nitrogen oxide and ammonia produced by cow waste. Farmers in the Netherlands are protesting across the country as they feel these new standards will force many farmers to reduce their herds and put many out of business. Approximately 40,000 farmers gathered in protest with many driving their tractors to block food distribution centers and to block or slow traffic. Farmers in other EU countries had similar protests in support of their Dutch counterparts.

The current backlog, sales pipeline, and farms already granted permits before these rules were considered may minimize the impact to the Company for the remainder of the year. However, the current uncertainty may cause farmers to delay capital expenditures on new milk storage equipment until the path forward is decided regarding the new regulations.

**D.** Revenue is down from last year at three months, six months and twelve months primarily in the US operations. The reduction in revenue is due primarily to the sale of MFO and lower pharmaceutical revenue since the end, in early 2021, of the last significant pharmaceutical project. There is another large pharmaceutical project in the backlog that should increase revenue in the second half of 2022 into 2023. In the Netherlands, revenue strengthened slightly but was diminished on the consolidated statements by the strengthening dollar.

**E.** Similar to revenue, net income is down at three months, six months and twelve months. In the US, the unfavorable variance is primarily from lower earnings from the pharmaceutical groups and a negative effect from the increase in the LIFO reserve. The prior period results also included the \$1.9 million pre-tax profit from the PPP loan forgiveness. On a positive note, the Heat Transfer and the Components groups have collectively grown pre-tax earnings by \$3.3 million for the trailing twelve months.

In the Netherlands, margins are slightly down. The results for the period ending June 30, 2021 were negatively affected by \$15.4 million due to the impairment of goodwill related to the 2008 acquisition of the Dutch subsidiaries.

- F. The pre-tax results for the three months ended June 30, 2022, were unfavorably affected by a \$1.5 million increase in the LIFO reserve. The pre-tax results for the six months ended June 30, 2022, were unfavorably affected by a \$3.5 million increase in the LIFO reserve. The pre-tax results for the twelve months ended June 30, 2022, were unfavorably affected by a \$6.4 million increase in the LIFO reserve. The pre-tax results for the three months ended June 30, 2021, were unfavorably affected by a \$0.3 million increase in the LIFO reserve. The pre-tax results for the six months ended June 30, 2021, were unfavorably affected by a \$0.3 million increase in the LIFO reserve. The pre-tax results for the six months ended June 30, 2021, were unfavorably impacted by a \$1.1 million increase in the LIFO reserve. The pre-tax results for the twelve months ended June 30, 2021, were unfavorably affected by a \$0.9 million increase in the LIFO reserve.
- **G.** The consolidated financials are affected by the euro to the dollar exchange rate when consolidating Mueller B.V., the Dutch subsidiary. The month-end euro to dollar exchange rate was 1.19 for June 2021, 1.13 for December 2021, and 1.04 for June 2022.

This press release contains forward-looking statements that provide current expectations of future events based on certain assumptions. All statements regarding future performance growth, conditions, or developments are forward-looking statements. Actual future results may differ materially from those described in the forward-looking statements due to a variety of factors, including, but not limited to, the factors described in the Company's Annual Report under "Safe Harbor for Forward-Looking Statements," which is available at paulmueller.com. The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any future events or circumstances.

The accounting policies related to this report and additional management discussion and analysis are provided in the 2021 annual report, available at www.paulmueller.com.