

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ [X]

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

or

☐ []

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: **001-36605**

PATRIOT TRANSPORTATION HOLDING, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of
incorporation or organization)

47-2482414

(I.R.S. Employer Identification No.)

**200 W. Forsyth St., 7th Floor,
Jacksonville, FLORIDA**

(Address of principal executive offices)

32202

(Zip Code)

904-396-5733

(Registrant's telephone number, including area code)

Title of each class
Common Stock, \$.10 par value

Trading Symbol
PATI

Name of each exchange on which registered
NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ [x] No ☐ []

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ [x] No ☐ [] Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ []

Accelerated filer ☐ []

Non-accelerated filer ☐ []

Smaller reporting company ☒ [x]

Emerging growth company ☐ []

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐ []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ [] No ☒ [x]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common Stock

April 22, 2022
3,480,920

PATRIOT TRANSPORTATION HOLDING, INC.
FORM 10-Q
QUARTER ENDED MARCH 31, 2022

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Preliminary Note Regarding Forward-Looking Statements.

Certain matters discussed in this report contain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those indicated by such forward-looking statements.

These forward-looking statements relate to, among other things, capital expenditures, liquidity, capital resources and competition and may be indicated by words or phrases such as “anticipate”, “estimate”, “plans”, “projects”, “continuing”, “ongoing”, “expects”, “management believes”, “the Company believes”, “the Company intends” and similar words or phrases. The following factors and others discussed in the Company’s periodic reports and filings with the Securities and Exchange Commission are among the principal factors that could cause actual results to differ materially from the forward-looking statements: freight demand for petroleum products including the impact of the COVID-19 pandemic and “stay home” orders, as well as increased vehicle fuel efficiency, other impacts on the COVID-19 pandemic on our operations and financial results; the increased popularity of electric vehicles; recessionary and terrorist impacts on travel in the Company’s markets; fuel costs and the Company’s ability to recover fuel surcharges; accident severity and frequency; risk insurance markets; driver availability and cost; the impact of future regulations, including regulations regarding the transportation industry and regulations intended to reduce greenhouse gas emissions; cyber-attacks; availability and terms of financing; competition in our markets; interest rates, and inflation and general economic conditions. However, this list is not a complete statement of all potential risks or uncertainties.

These forward-looking statements are made as of the date hereof based on management’s current expectations, and the Company does not undertake an obligation to update such statements, whether as a result of new information, future events or otherwise. Additional information regarding these and other risk factors may be found in the Company’s other filings made from time to time with the Securities and Exchange Commission.

PART I. FINANCIAL INFORMATION, ITEM 1. FINANCIAL STATEMENTS
PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

	March 31, 2022	September 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,794	10,899
Accounts receivable (net of allowance for doubtful accounts of \$64 and \$86, respectively)	6,179	4,930
Inventory of parts and supplies	1,066	871
Prepaid tires on equipment	1,353	1,317
Prepaid taxes and licenses	232	448
Prepaid insurance	3,621	4,614
Prepaid expenses, other	217	299
Total current assets	<u>19,462</u>	<u>23,378</u>
Property and equipment, at cost	73,694	77,181
Less accumulated depreciation	<u>53,224</u>	<u>54,497</u>
Net property and equipment	<u>20,470</u>	<u>22,684</u>
Operating lease right-of-use assets	2,895	1,949
Goodwill	3,637	3,637
Intangible assets, net	656	756
Other assets, net	<u>149</u>	<u>156</u>
Total assets	<u>\$ 47,269</u>	<u>52,560</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,227	1,858
Federal and state taxes payable	1,711	263
Accrued payroll and benefits	2,558	2,939
Accrued insurance	1,077	1,105
Accrued liabilities, other	916	1,742
Operating lease liabilities, current portion	<u>928</u>	<u>928</u>
Total current liabilities	<u>9,417</u>	<u>8,835</u>
Operating lease liabilities, less current portion	2,134	1,131
Deferred income taxes	3,481	4,062
Accrued insurance	1,537	1,537
Other liabilities	<u>866</u>	<u>879</u>
Total liabilities	<u>17,435</u>	<u>16,444</u>
Commitments and contingencies		
Shareholders' Equity:		
Preferred stock, 5,000,000 shares authorized, of which 250,000 shares are designated Series A Junior Participating Preferred Stock; \$0.01 par value; None issued and outstanding	—	—
Common stock, \$.10 par value; (25,000,000 shares authorized; 3,480,920 and 3,415,643 shares issued and outstanding, respectively)	348	342
Capital in excess of par value	39,831	39,257
Accumulated deficit	(10,431)	(3,572)
Accumulated other comprehensive income, net	<u>86</u>	<u>89</u>
Total shareholders' equity	<u>29,834</u>	<u>36,116</u>
Total liabilities and shareholders' equity	<u>\$ 47,269</u>	<u>52,560</u>

See notes to consolidated financial statements.

PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME & COMPREHENSIVE INCOME

(In thousands)
(Unaudited)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	MARCH 31,		MARCH 31,	
	2022	2021	2022	2021
Operating revenues	\$ 20,928	19,728	41,499	39,956
Cost of operations:				
Compensation and benefits	8,962	8,687	18,046	17,738
Fuel expenses	3,160	2,464	5,878	4,562
Repairs & tires	1,445	1,336	2,661	2,717
Other operating	710	755	1,454	1,568
Insurance and losses	2,574	1,929	4,384	4,051
Depreciation expense	1,406	1,671	2,883	3,416
Rents, tags & utilities	708	703	1,381	1,399
Sales, general & administrative	2,152	2,141	4,617	4,277
Corporate expenses	569	689	1,102	1,090
Gain on sale of terminal sites	—	(1,431)	(8,330)	(1,431)
(Gain) loss on disposition of PP&E	(119)	113	(479)	199
Total cost of operations	<u>21,567</u>	<u>19,057</u>	<u>33,597</u>	<u>39,586</u>
Total operating profit (loss)	(639)	671	7,902	370
Interest income and other	3	1	4	3
Interest expense	<u>(4)</u>	<u>(7)</u>	<u>(9)</u>	<u>(15)</u>
Income (loss) before income taxes	(640)	665	7,897	358
Provision for (benefit from) income taxes	<u>(150)</u>	<u>181</u>	<u>1,948</u>	<u>96</u>
Net income (loss)	<u>\$ (490)</u>	<u>484</u>	<u>\$ 5,949</u>	<u>262</u>
Unrealized investment losses, net	<u>(3)</u>	<u>—</u>	<u>(3)</u>	<u>—</u>
Comprehensive income (loss)	<u>\$ (493)</u>	<u>484</u>	<u>\$ 5,946</u>	<u>262</u>
Earnings per common share:				
Net income (loss) -				
Basic	\$ (0.14)	0.14	1.73	0.08
Diluted	\$ (0.14)	0.14	1.63	0.08
Number of shares (in thousands) used in computing:				
-basic earnings per common share	3,458	3,393	3,439	3,385
-diluted earnings per common share	3,458	3,394	3,658	3,390

See notes to consolidated financial statements.

PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED MARCH 31, 2022 AND 2021

(In thousands)
(Unaudited)

	Six months ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net income	\$ 5,949	262
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,654	4,205
Non-cash gain of acquisition-related contingent consideration	—	(16)
Deferred income taxes	(581)	(1,018)
Gain on asset dispositions	(8,858)	(1,246)
Stock-based compensation	265	341
Net changes in operating assets and liabilities:		
Accounts receivable	(1,249)	64
Inventory of parts and supplies	(195)	(32)
Prepaid expenses	1,255	767
Other assets	3	37
Accounts payable and accrued liabilities	(866)	(967)
Income taxes payable and receivable	1,448	446
Operating lease assets and liabilities, net	(432)	(548)
Long-term insurance liabilities and other long-term liabilities	(13)	(9)
Net cash provided by operating activities	<u>380</u>	<u>2,286</u>
Cash flows from investing activities:		
Purchase of property and equipment	(2,165)	(594)
Proceeds from the sale of property, plant and equipment	<u>10,173</u>	<u>1,874</u>
Net cash provided by investing activities	<u>8,008</u>	<u>1,280</u>
Cash flows from financing activities:		
Dividends paid	(12,808)	(10,132)
Proceeds from exercised stock options	<u>315</u>	<u>—</u>
Net cash used in financing activities	<u>(12,493)</u>	<u>(10,132)</u>
Net decrease in cash and cash equivalents	(4,105)	(6,566)
Cash and cash equivalents at beginning of period	<u>10,899</u>	<u>15,962</u>
Cash and cash equivalents at end of the period	<u>\$ 6,794</u>	<u>9,396</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 8	14
Income taxes	1,080	667
Non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for operating lease liabilities	1,453	—

See notes to consolidated financial statements.

PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
THREE AND SIX MONTHS ENDED MARCH 31, 2022 AND 2021
(In thousands)
(Unaudited)

	Common Shares	Stock Amount	Capital in Excess of Par Value	(Accum. Deficit) Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholders' Equity
Balance as of October 1, 2020	3,377,279	\$ 338	\$ 38,670	\$ 5,935	\$ 105	\$ 45,048
Stock-based compensation			122			122
Director grant	24,867	2	217			219
Cash dividends paid (\$3.00 per share)				(10,132)		(10,132)
Net income				262		262
Balance as of March 31, 2021	<u>3,402,146</u>	<u>\$ 340</u>	<u>\$ 39,009</u>	<u>\$ (3,935)</u>	<u>\$ 105</u>	<u>\$ 35,519</u>
Balance as of October 1, 2021	3,415,643	\$ 342	\$ 39,257	\$ (3,572)	\$ 89	\$ 36,116
Stock-based compensation			109			109
Exercise of stock options	46,377	4	311			315
Director grant	18,900	2	154			156
Cash dividends paid (\$3.75 per share)				(12,808)		(12,808)
Net income				5,949		5,949
Unrealized investment losses, net					(3)	(3)
Balance as of March 31, 2022	<u>3,480,920</u>	<u>\$ 348</u>	<u>\$ 39,831</u>	<u>\$ (10,431)</u>	<u>\$ 86</u>	<u>\$ 29,834</u>
Balance as of January 1, 2021	3,377,279	\$ 338	\$ 38,729	\$ (4,419)	\$ 105	\$ 34,753
Stock-based compensation			63			63
Director grant	24,867	2	217			219
Net income				484		484
Balance as of March 31, 2021	<u>3,402,146</u>	<u>\$ 340</u>	<u>\$ 39,009</u>	<u>\$ (3,935)</u>	<u>\$ 105</u>	<u>\$ 35,519</u>
Balance as of January 1, 2022	3,431,896	\$ 343	\$ 39,425	\$ (9,941)	\$ 89	\$ 29,916
Stock-based compensation			52			52
Exercise of stock options	30,124	3	200			203
Director grant	18,900	2	154			156
Net loss				(490)		(490)
Unrealized investment losses, net					(3)	(3)
Balance as of March 31, 2022	<u>3,480,920</u>	<u>\$ 348</u>	<u>\$ 39,831</u>	<u>\$ (10,431)</u>	<u>\$ 86</u>	<u>\$ 29,834</u>

PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022
(Unaudited)

(1) Description of Business and Basis of Presentation.

Description of Business

Company's Business. The business of the Company, conducted through our wholly owned subsidiary, Florida Rock & Tank Lines, Inc., is to transport petroleum and other liquids and dry bulk commodities. We do not own any of the products we haul; rather, we act as a third party carrier to deliver our customers' products from point A to point B, using predominantly Company employees driving Company owned tractors and tank trailers. Approximately 84% of our business consists of hauling liquid petroleum products (mostly gas and diesel fuel) from large scale fuel storage facilities to our customers' retail outlets (e.g., convenience stores, truck stops and fuel depots) where we off-load the product into our customers' fuel storage tanks for ultimate sale to the retail consumer. The remaining 16% of our business consists of hauling dry bulk commodities such as cement, lime and various industrial powder products, water and liquid chemicals. In March 2022, we employed 328 revenue-producing drivers who operated our fleet of 272 Company tractors (excluding 3 being placed in service), 29 owner operators and 410 trailers from our 17 terminals and 6 satellite locations in Florida, Georgia, Alabama, and Tennessee.

Basis of Presentation

These statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions to Form 10-Q and do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (primarily consisting of normal recurring accruals) considered necessary for a fair statement of the results for the interim periods have been included. Operating results for the six months ended March 31, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2022. The accompanying consolidated financial statements and the information included under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with the audited financial statements and notes for the year ended September 30, 2021.

Operating Revenues

Our revenues are primarily based on a set rate per volume of product hauled to arrive at a desired rate per mile traveled. The rate also incorporates the cost of fuel at an assumed price plus fuel surcharges to address the fluctuation in fuel prices. Over time, the fuel surcharge tables in the industry have become so numerous and varied, both by carriers and customers, that they have simply become a part of the overall rating structure to arrive at that desired price per mile by market. We consider fuel surcharge revenue to be revenue from services rather than other revenues. As a result, the Company determined there is no reason to report fuel surcharges as a separate revenue line item and fuel surcharges are reported as part of Operating revenues.

(2) **Recently Issued Accounting Standards.** None.

(3) **Related Party Agreements.** The Company provides FRP Holdings, Inc. (FRP) certain services including the services of certain shared executive officers. FRP may be considered a related party due to common significant shareholder ownership and shared common officers. A written agreement exists outlining the terms of such services and the boards of the respective companies amended and extended this agreement for one year effective April 1, 2022.

The consolidated statements of income reflect charges and/or allocation to FRP Holdings, Inc. for these services of \$223,000 and \$256,000 for the three months ended March 31, 2022 and 2021, and \$476,000 and \$691,000 for the six months ended March 31, 2022 and 2021, respectively. These charges to FRP are reflected as a reduction to the Company's corporate expenses.

We employ an allocation method to allocate said expenses and thus we believe that the allocations to FRP are a reasonable approximation of the costs related to FRP's operations, but any such related-party transactions cannot be presumed to be carried out on an arm's-length basis.

(4) **Long-Term debt.** The Company had no long-term debt outstanding at March 31, 2022 and September 30, 2021. On July 6, 2021, Patriot Transportation Holding, Inc. (the "Company") entered into the 2021 Amended and Restated Credit Agreement (the "The Amended and Restated Credit Agreement") with Wells Fargo Bank, N.A. ("Wells Fargo"). The Amended and Restated Credit Agreement modifies the Company's prior Credit Agreement with Wells Fargo, dated January 30, 2015, as amended by that certain First Amendment dated December 28, 2018. The Amended and Restated Credit Agreement establishes a five-year revolving credit facility with a maximum facility amount of \$15 million, with a separate sublimit for standby letters of credit. The credit facility limit may be increased to \$25 million upon request by the Company, subject to the lender's discretion and the satisfaction of certain conditions. The interest rate under the Amended and Restated Credit Agreement is 1.10% over the Secured Overnight Financing Rate ("SOFR"). A commitment fee of 0.12% per annum is payable quarterly on the unused portion of the commitment. The Amended and Restated Credit Agreement contains certain conditions, affirmative financial covenants and negative covenants including a minimum tangible net worth of \$25 million. As of March 31, 2022, we had no outstanding debt borrowed on this revolver, \$1,461,000 in commitments under letters of credit and \$13,539,000 available for additional borrowings. The letter of credit fee is 1% and the applicable interest rate for borrowings would have been 1.37% on March 31, 2022.

This credit agreement contains certain conditions, affirmative financial covenants and negative covenants including a minimum tangible net worth. The Company was in compliance with all of its loan covenants as of March 31, 2022. As of March 31, 2022, the tangible net worth covenant would have limited our ability to pay dividends or repurchase stock with borrowed funds to a maximum of \$535,000 combined.

(5) **Earnings per share.** Basic earnings per common share are based on the weighted average number of common shares outstanding during the periods. Diluted earnings per common share are based on the weighted average number of common shares and potential dilution of securities that could share in earnings. The differences between basic and diluted shares used for the calculation are the effect of employee and director stock options.

The following details the computations of the basic and diluted earnings per common share (dollars and shares in thousands, except per share amounts):

	Three months ended March 31,		Six months ended March 31,	
	2022	2021	2022	2021
Weighted average common shares outstanding during the period – shares used for basic earnings per common share	3,458	3,393	3,439	3,385
Common shares issuable under share based payment plans which are potentially dilutive	<u>—</u>	<u>1</u>	<u>219</u>	<u>5</u>
Common shares used for diluted earnings per common share	<u>3,458</u>	<u>3,394</u>	<u>3,658</u>	<u>3,390</u>
Net income (loss)	<u>\$ (490)</u>	<u>484</u>	<u>5,949</u>	<u>262</u>
Earnings (loss) per common share:				
-basic	<u>\$ (0.14)</u>	<u>0.14</u>	<u>1.73</u>	<u>0.08</u>
-diluted	<u>\$ (0.14)</u>	<u>0.14</u>	<u>1.63</u>	<u>0.08</u>

For the three and six months ended March 31, 2022, 241,188 and 27,082 shares attributable to outstanding stock options, respectively, were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. For the three and six months ended March 31, 2021, 604,005 and 500,950 shares attributable to outstanding stock options, respectively, were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

(6) Stock-Based Compensation Plans.

Participation in FRP Plans

Prior to the Company's spin-off from FRP Holdings, Inc. (FRP) in January 2015, the Company's directors, officers and key employees previously were eligible to participate in FRP's 2000 Stock Option Plan and the 2006 Stock Option Plan under which options for shares of common stock were granted to directors, officers and key employees.

Post Spin-Off Patriot Incentive Stock Plan

As part of the spin-off transaction, the Board of Directors of the Company adopted the Patriot Transportation Holding, Inc. Incentive Stock Plan ("Patriot Plan") in January, 2015. In exchange for all outstanding FRP options held on January 30, 2015, existing Company directors, officers and key employees holding option grants in the FRP Stock Option Plan(s) were issued new grants in the Patriot and FRP Plans based upon the relative value of Patriot and FRP immediately following the completion of the spin-off with the same remaining terms. All related compensation expense has been allocated to the Company (rather than FRP) and included in corporate expenses. The number of common shares available for future issuance in the Patriot Plan was 38,895 at March 31, 2022.

On November 15, 2021, the Company paid an extraordinary dividend of \$3.75 per share to all shareholders of record. In accordance with Section 4.2 of the 2006 Stock Incentive Plan, Section 11

of the 2014 Equity Incentive Plan, and Section 409A of the Internal Revenue Code, the Company has adjusted the terms of all stock option grants outstanding and the stock appreciation rights as of the close of business on November 15, 2021.

On December 30, 2020, the Company paid an extraordinary dividend of \$3.00 per share to all shareholders of record. In accordance with Section 4.2 of the 2006 Stock Incentive Plan, Section 11 of the 2014 Equity Incentive Plan, and Section 409A of the Internal Revenue Code, the Company has adjusted the terms of all stock option grants outstanding and the stock appreciation rights as of the close of business on December 30, 2020.

In December 2016, the Company approved and issued a long-term performance incentive to an officer in the form of stock appreciation rights. As adjusted for the extraordinary dividend the Company granted 257,009 stock appreciation rights. The adjusted market price of the grant was \$8.66, and the executive will get a cash award at age 65 based upon the stock price at that date compared to the adjusted market price of \$8.66 but in no event will the award be less than \$500,000. The Company is expensing the fair value of the award over the 9.1 year vesting period to the officer's attainment of age 65, with periodic adjustments to the liability estimate based upon changes in the assumptions used to calculate the liability. The accrued liability under this plan as of March 31, 2022 and 2021 was \$387,000 and \$357,000, respectively.

The Company recorded the following stock compensation expense in its consolidated statements of income (in thousands):

	Three Months ended March 31,		Six months ended March 31,	
	2022	2021	2022	2021
Stock option grants	\$ 52	63	109	122
Annual director stock award	156	219	156	219
	<u>\$ 208</u>	<u>282</u>	<u>265</u>	<u>341</u>

A summary of Company stock options is presented below (in thousands, except share and per share amounts):

<u>Options</u>	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Term (yrs)</u>	<u>Weighted Average Grant Date Fair Value</u>
Outstanding at October 1, 2021	604,005	\$ 10.80	6.5	\$ 1,931
Forfeited	(67,975)	6.19		(112)
Exercised	(46,377)	6.81		(88)
Dividend Adjustment	288,099			
Outstanding at March 31, 2022 (a)	<u>777,752</u>	\$ 7.44	5.8	<u>\$ 1,731</u>
Exercisable at March 31, 2022	534,529	\$ 7.95	4.9	\$ 1,314
Vested during six months ended March 31, 2022	132,331			\$ 251

- (a) The Company stock option intrinsic values were adjusted as of November 15, 2021, the date of the extraordinary dividend. Stock option activity, including the weighted average exercise price, was not retroactively adjusted.

The aggregate intrinsic value of exercisable Company options was \$267,000 and the aggregate intrinsic value of all outstanding in-the-money options was \$673,000 based on the Company's market closing price of \$7.98 on March 31, 2022 less exercise prices.

The realized tax benefit from option exercises during the six months ended March 31, 2022 was \$18,000. The unrecognized compensation expense of Patriot options granted as of March 31, 2022 was \$458,000, which is expected to be recognized over a weighted-average period of 2.8 years.

(7) Fair Value Measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 means the use of quoted prices in active markets for identical assets or liabilities. Level 2 means the use of values that are derived principally from or corroborated by observable market data. Level 3 means the use of inputs of those that are unobservable and significant to the overall fair value measurement.

At March 31, 2022 and September 30, 2021, the carrying amount reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and other financial instruments approximate their fair value based upon the short-term nature of these items.

(8) Contingent liabilities. The Company is involved in litigation on a number of matters and is subject to certain claims which arise in the normal course of business. The Company has retained certain self-insurance risks with respect to losses for third party liability and property damage. There is a reasonable possibility that the Company's estimate of vehicle and workers' compensation liability may be understated or overstated but the possible range cannot be estimated. The liability at any point in time depends upon the relative ages and amounts of the individual open claims. In the opinion of management none of these matters are expected to have a material adverse effect on the Company's financial condition, results of operations or cash flows.

(9) Concentrations.

Market: The Company primarily serves customers in the petroleum industry in the Southeastern U.S. Significant economic disruption or downturn in this geographic region or within these industries could have an adverse effect on our financial statements.

Customers: During the first six months of fiscal 2022, the Company's ten largest customers accounted for approximately 57.7% of our revenue and one of these customers accounted for 18.5% of our revenue. Accounts receivable from the ten largest customers was \$3,186,000 and \$2,843,000 at March 31, 2022 and September 30, 2021 respectively. The loss of any one of these customers could have a material adverse effect on the Company's revenues and income.

Deposits: Cash and cash equivalents are comprised of cash and an FDIC insured investment account at Wells Fargo Bank, N.A. and U.S. Treasury bills. The balance in the cash account may exceed FDIC limits.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying unaudited consolidated financial statements and related notes in Item 1 and with the audited consolidated financial statements and the related notes included in our annual report on Form 10-K. The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to risks and uncertainties, including the risks and uncertainties described in “Forward-Looking Statements” below and “Risk Factors” on page 7 of our annual report on Form 10-K. Our actual results may differ materially from those contained in or implied by any forward-looking statements. We assume no obligation to revise or publicly release any revision to any forward-looking statements contained in this quarterly report on Form 10-Q, unless required by law.

Overview

The business of the Company, conducted through our wholly owned subsidiary, Florida Rock & Tank Lines, Inc., is to transport petroleum and other liquids and dry bulk commodities. We do not own any of the products we haul, rather, we act as a third party carrier to deliver our customers’ products from point A to point B predominately using Company employees driving Company owned tractors and tank trailers. Approximately 84% of our business consists of hauling liquid petroleum products (mostly gas and diesel fuel) from large scale fuel storage facilities to our customers’ retail outlets (e.g., convenience stores, truck stops and fuel depots) where we off-load the product into our customers’ fuel storage tanks for ultimate sale to the retail consumer. The remaining 16% of our business consists of hauling dry bulk commodities such as cement, lime and various industrial powder products, water and liquid chemicals. In March 2022, we employed 328 revenue-producing drivers who operated our fleet of 272 Company tractors (excluding 3 being placed in service), 29 owner operators and 410 trailers from our 17 terminals and 6 satellite locations in Florida, Georgia, Alabama, and Tennessee. We experience increased seasonal demand in Florida in the spring and in most of our other locations during the summer months.

Our industry is characterized by such barriers to entry as the time and cost required to develop the capabilities necessary to handle hazardous material, the resources required to recruit, train and retain

drivers, substantial industry regulatory and insurance requirements and the significant capital investments required to build a fleet of equipment, establish a network of terminals and, in recent years, the cost to build and maintain sufficient information technology resources to allow us to interface with and assist our customers in the day-to-day management of their product inventories.

Our industry is experiencing a severe shortage of qualified professional drivers with a tenured safe driving career. The trend we are seeing is that more and more of the applicants are drivers with little to no experience in the tank truck business, short driving careers in other lines of trucking, poor safety records and a pattern of job instability in their work history. As a result, in many markets we serve it is difficult to grow the driver count and, in some cases, to even maintain our historical or desired driver counts.

The Company's operations are influenced by a number of external and internal factors. External factors include levels of economic and industrial activity in the United States and the Southeast, driver availability and cost, government regulations regarding driver qualifications and limitations on the hours drivers can work, petroleum product demand in the Southeast which is driven in part by tourism and commercial aviation, and fuel costs. Internal factors include revenue mix, equipment utilization, Company imposed restrictions on hiring drivers under the age of 21 or drivers without at least one year of driving experience, auto and workers' compensation accident frequencies and severity, administrative costs, and group health claims experience.

To measure our performance, management focuses primarily on revenue growth, revenue miles, operating revenue per mile, our preventable accident frequency rate ("PAFR"), our operating ratio (defined as our operating expenses as a percentage of our operating revenue), turnover rate (excluding drivers related to terminal closures) and average driver count (defined as average number of revenue producing drivers including owner operators under employment over the specified time period) as compared to the same period in the prior year.

ITEM	Six months 2022 vs. 2021
Operating Revenues	Up 3.9%
Revenue Miles	Down 13.4%
Revenue Per Mile	Up 19.8%
PAFR (incidents per 1M miles) goal of 2.0	1.86 vs. 1.93
Operating Ratio	81.0% vs. 99.1%
Driver Turnover Rate	72.0% vs. 106.6%
Avg. Driver Count incl. owner operators	Down 11.9%

Second Quarter Highlights

- Operating revenue per mile was up \$.65, or 19.8%, due to rate increases and an improved business mix.
- Our Driver Turnover Rate decreased from 121.0% in the 2nd quarter of 2021 to 67.2% in this year's 2nd quarter.

Comparative Results of Operations for the Three Months ended March 31, 2022 and 2021

(dollars in thousands)	Three months ended March 31			
	2022	%	2021	%
Revenue miles (in thousands)	5,314		5,993	
Operating revenues	20,928	100.0%	19,728	100.0%
Cost of operations:				
Compensation and benefits	8,962	42.9%	8,687	44.0%
Fuel expenses	3,160	15.1%	2,464	12.5%
Repairs & tires	1,445	6.9%	1,336	6.8%
Other operating	710	3.4%	755	3.8%
Insurance and losses	2,574	12.3%	1,929	9.8%
Depreciation expense	1,406	6.7%	1,671	8.5%
Rents, tags & utilities	708	3.4%	703	3.6%
Sales, general & administrative	2,152	10.3%	2,141	10.8%
Corporate expenses	569	2.7%	689	3.5%
Gain on sale of terminal sites	—	0.0%	(1,431)	-7.3%
Loss (gain) on disposition of PP&E	(119)	-0.6%	113	0.6%
Total cost of operations	<u>21,567</u>	<u>103.1%</u>	<u>19,057</u>	<u>96.6%</u>
Total operating profit (loss)	<u>\$ (639)</u>	<u>-3.1%</u>	<u>671</u>	<u>3.4%</u>

The Company reported a net loss of (\$490,000), or (\$.14) per share for the quarter ended March 31, 2022, compared to net income of \$484,000, or \$.14 per share, in the same quarter last year. Net income in the prior year second quarter included \$1,037,000, or \$.31 per share, from gains on real estate sales net of income taxes.

Revenue miles were down 679,000, or 11%, over the same quarter last year due to a lower driver count resulting primarily from the driver shortage and turnover (down ~51 drivers from the 2nd quarter of last year). Operating revenues for the quarter were \$20,928,000, up \$1,200,000 from the same quarter last year due to rate increases, higher fuel surcharges and an improved business mix. Operating revenue per mile was up \$.65, or 19.8%.

Compensation and benefits increased \$275,000, mainly due to the recent increases in driver compensation mostly offset by a lower driver count and non-driver personnel reductions. Gross fuel expense increased \$696,000 due to higher diesel prices. Insurance and losses increased \$645,000, primarily due to (i) a maximum limit claim (\$372,500) from a COVID hospitalization and (ii) a prior year, workers' compensation claim adjustment resulting in a \$380,000 negative charge to this quarter. Depreciation expense was down \$265,000 in the quarter. Gain on the sale of assets was \$119,000 versus a loss of (\$113,000) in the same quarter last year.

As a result, operating loss this quarter was (\$639,000) compared to an operating profit of \$671,000 in the same quarter last year. The COVID medical claim and the prior year workers' compensation claim resulted in a total charge of \$752,500 to this quarter. Excluding the gain on sale of land in last year's second quarter, the adjusted operating loss was (\$760,000).

Comparative Results of Operations for the Six Months ended March 31, 2022 and 2021

(dollars in thousands)	Six months ended March 31			
	2022	%	2021	%
Revenue miles (in thousands)	10,771		12,443	
Operating revenues	41,499	100.0%	39,956	100.0%
Cost of operations:				
Compensation and benefits	18,046	43.5%	17,738	44.4%
Fuel expenses	5,878	14.2%	4,562	11.4%
Repairs & tires	2,661	6.4%	2,717	6.8%
Other operating	1,454	3.5%	1,568	3.9%
Insurance and losses	4,384	10.6%	4,051	10.2%
Depreciation expense	2,883	6.9%	3,416	8.6%
Rents, tags & utilities	1,381	3.3%	1,399	3.5%
Sales, general & administrative	4,617	11.1%	4,277	10.7%
Corporate expenses	1,102	2.7%	1,090	2.7%
Gain on sale of terminal sites	(8,330)	-20.1%	(1,431)	-3.6%
Loss (gain) on disposition of PP&E	(479)	-1.1%	199	0.5%
Total cost of operations	<u>33,597</u>	<u>81.0%</u>	<u>39,586</u>	<u>99.1%</u>
Total operating profit (loss)	<u>\$ 7,902</u>	<u>19.0%</u>	<u>370</u>	<u>0.9%</u>

The Company reported net income of \$5,949,000, or \$1.63 per share, compared to \$262,000, or \$0.08 per share, in the same period last year. The first six months' net income included \$6,281,000, or \$1.72 per share, from gains on real estate sales net of income taxes. Net income in the prior year six months' included \$1,037,000, or \$0.31 per share, from gains on real estate sales net of income taxes.

Revenue miles were down 1,672,000, or 13%, over the same period last year due to a lower driver count (down ~61 drivers from the first six months of last year). Operating revenues for the period were \$41,499,000, up \$1,543,000 from the same period last year. Operating revenue per mile was up \$.64, or 19.9% due to rate increases, higher fuel surcharges and an improved business mix.

Compensation and benefits increased \$308,000, mainly due to the increased driver compensation package offset by a lower driver count and non-driver personnel reductions. Gross fuel expense increased \$1,316,000 as a result of higher diesel prices. Insurance and losses increased \$333,000, primarily as a result of the maximum limit COVID claim and the negative workers' compensation adjustment from a prior year claim. Depreciation expense was down \$533,000 in the period. SG&A expense was higher by \$340,000 mainly due to a one-time transaction bonus following the sale of the Tampa property for certain members of the management team (\$312,000 in SG&A and \$82,000 in Corporate for a total of \$394,000) and higher legal fees. Gain on the sale of land was \$8,330,000 due to the sale of our former terminal location in Tampa, FL compared to \$1,431,000 in the same period last year due to the sale of our former terminal location in Pensacola, FL. Gain on the sale of assets was \$479,000 versus a loss of (\$199,000) in the same period last year.

As a result, operating profit this period was \$7,902,000 compared to \$370,000 in the same period last year. Operating ratio was 81.0 in the first six months versus 99.1 the same period last year. Excluding the gain on sale of terminal sites and the one-time transaction bonus, adjusted operating loss for the

first six months was (\$34,000) as compared to an adjusted operating loss of (\$1,061,000) in the same period last year. The COVID medical claim and the prior year workers' compensation claim resulted in a total charge of \$752,500 in the first six months of fiscal 2022.

Non-GAAP Financial Measures

To supplement the financial results presented in accordance with GAAP, Patriot presents certain non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. Patriot uses these non-GAAP financial measures to analyze its continuing operations and to monitor, assess, and identify meaningful trends in its operating and financial performance. These measures are not, and should not be viewed as, substitutes for GAAP financial measures.

Adjusted Operating Profit

Adjusted operating profit excludes the impact of the gain on sale of terminal sites and the one-time transaction bonus related to the sale. Adjusted operating profit is presented to provide additional perspective on underlying trends in Patriot's core operating results. A reconciliation between operating profit and adjusted operating profit is as follows:

	Three months ended		Six months ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Operating profit (loss)	\$ (639)	671	7,902	370
Adjustments:				
Gain on sale of terminal sites	—	(1,431)	(8,330)	(1,431)
One-time transaction bonus	—	—	394	—
Adjusted operating loss	<u>\$ (639)</u>	<u>(760)</u>	<u>(34)</u>	<u>(1,061)</u>

Liquidity and Capital Resources. The Company maintains its operating accounts with Wells Fargo Bank, N.A. and these accounts directly sweep overnight against the Wells Fargo revolver. As of March 31, 2022, we had no debt outstanding on this revolver, \$1,461,000 letters of credit and \$13,539,000 available for additional borrowings. The Company expects our fiscal year 2022 cash generation to cover the cost of our operations and our budgeted capital expenditures

Cash Flows - The following table summarizes our cash flows from operating, investing and financing activities for each of the periods presented (in thousands of dollars):

	Six months Ended March 31,	
	2022	2021
Total cash provided by (used for):		
Operating activities	\$ 380	2,286
Investing activities	8,008	1,280
Financing activities	(12,493)	(10,132)
Decrease in cash and cash equivalents	\$ (4,105)	(6,566)
Outstanding debt at the beginning of the period	—	—
Outstanding debt at the end of the period	—	—

Operating Activities - Net cash provided by operating activities (as set forth in the cash flow statement) was \$380,000 for the six months ended March 31, 2022, compared to \$2,286,000 in the same period last year. The total of net income plus depreciation and amortization and less gains on sales of property and equipment decreased \$2,476,000 versus the same period last year. These changes are described above under "Comparative Results of Operations." These changes comprise the majority of the decrease in net cash provided by operating activities.

Investing Activities – Investing activities include the purchase of property and equipment, any business acquisitions and proceeds from sales of property and equipment upon retirement. For the six months ended March 31, 2022, cash provided by investing activities was \$8,008,000 which included the proceeds from retirements net of the purchase of plant, property and equipment. For the six months ended March 31, 2021, cash provided by investing activities was \$1,280,000 which included the proceeds from retirements net of the purchase of plant, property and equipment.

Financing Activities – Financing activities primarily include net changes to our outstanding revolving debt, proceeds from the sale of shares of common stock through employee equity incentive plans, and dividends. For the six months ended March 31, 2022, cash used in financing activities was \$12,493,000 due to dividends paid offset by proceeds from exercised stock options. For the six months ended March 31, 2021, cash used in financing activities was \$10,132,000 primarily due to dividends paid. We had no outstanding long-term debt on March 31, 2022 or March 31, 2021.

Credit Facilities - The Company has a five-year credit agreement with Wells Fargo Bank N.A. which provides a \$15 million revolving line of credit with a \$10 million sublimit for stand-by letters of credit. The amounts outstanding under the credit agreement bear interest at a rate of 1.1% over the Secured Overnight Financing Rate ("SOFR"), which may change quarterly based on the Company's ratio of consolidated total debt to consolidated total capital. A commitment fee of 0.12% per annum is payable quarterly on the unused portion of the commitment. The credit agreement contains certain conditions and financial covenants, including a minimum tangible net worth. As of March 31, 2022, the tangible net worth covenant would have limited our ability to pay dividends or repurchase stock with borrowed funds to a maximum of \$535,000 combined.

Cash Requirements - The Company currently expects its fiscal 2022 capital expenditures to be approximately \$6.0 million for replacement equipment which we expect to be fully funded by our cash generated from our operations. The amount of capital expenditures through March 31, 2022 were \$2,165,000.

Impact of the COVID-19 Pandemic. The COVID-19 pandemic continues to have some impact on demand for oil and petroleum products in certain markets but that impact was far less in this quarter than had been experienced since the beginning of the pandemic. As an essential business, we have continued to operate throughout the pandemic in accordance with CDC guidance and orders issued by state and local authorities.

Summary and Outlook. Since announcing the first significant pay increase back in April of 2021, our driver count has stabilized and we have been holding steady at +/- 355 revenue producing drivers.

During the first quarter of 2022 we announced additional driver pay increases in all of our markets, some of which went into effect during the 1st quarter with the majority effective February 4, 2022. Driver turnover has fallen to 72% through the first six months of this year versus 107% in the first six months of last year. We have also seen positive trends on active applications, which have doubled since January of this year, and the average number of drivers in training is up ~30-40% the past couple months.

In anticipation of the additional driver pay increases this fiscal year, we successfully negotiated additional rate increases with our customers, all of which are now in place. These additional rate increases will more than offset the additional driver pay increase. We are continuing to focus on diversifying our product mix by adding drivers in several markets over the past few months running new dry bulk lanes.

We continue to be creative in our approach to attracting, hiring and retaining drivers, including our recent entry into the Department of Labor Registered Apprenticeship program and working with several Federal departments on a path to quickly hiring veterans with truck driving experience as they are planning for their reentry into civilian life. We are hopeful strategies like these can give us a little extra advantage over our competition and allow us to incrementally add drivers to the fleet as we move forward.

Our balance sheet remained solid with \$6.8 million of cash and cash equivalents as of March 31, 2022, with no outstanding debt. We replaced 10 tractors in the first half of this fiscal year with plans to buy an additional 20 replacement tractors and a handful of trailers putting our current planned capital expenditures at ~\$6,000,000 for fiscal year 2022.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Interest Rate Risk - We are exposed to the impact of interest rate changes through our variable-rate borrowings under the credit agreement. Under the Wells Fargo revolving credit line, the applicable spread for borrowings at March 31, 2022 was 1.1% over SOFR.

Commodity Price Risk - The price and availability of diesel fuel are subject to fluctuations due to changes in the level of global oil production, seasonality, weather, global politics and other market factors. Historically, we have been able to recover a significant portion of fuel price increases from our customers in the form of fuel surcharges. The typical fuel surcharge table provides some margin contribution at higher diesel fuel prices but also results in some margin erosion at the lower diesel fuel prices. The price and availability of diesel fuel can be unpredictable as well as the extent to which fuel surcharges can be collected to offset such increases.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

The Company also maintains a system of internal accounting controls over financial reporting that are designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

All control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving the desired control objectives.

As of March 31, 2022, the Company, under the supervision and with the participation of the Company's management, including the CEO, CFO and CAO, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Company's CEO, CFO and CAO concluded that the Company's disclosure controls and procedures are effective in alerting them in a timely manner to material information required to be included in periodic SEC filings.

There have been no changes in the Company's internal controls over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2021, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. PURCHASES OF EQUITY SECURITIES BY THE ISSUER

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
January 1 through January 31	—	\$ —	—	\$ 5,000,000
February 1 through February 28	—	\$ —	—	\$ 5,000,000
March 1 through March 31	—	\$ —	—	\$ 5,000,000
Total	—	\$ —	—	

- (1) On February 4, 2015, the Board of Directors authorized management to expend up to \$5,000,000 to repurchase shares of the Company's common stock from time to time as opportunities arise. To date, the Company has not repurchased any common stock of the Company.

Item 6. EXHIBITS

- (a) Exhibits. The response to this item is submitted as a separate Section entitled "Exhibit Index", on page 23.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

PATRIOT TRANSPORTATION HOLDING, INC.

Date: May 13, 2022

By ROBERT E. SANDLIN
Robert E. Sandlin
President and Chief Executive Officer
(Principal Executive Officer)

By MATTHEW C. MCNULTY
Matthew C. McNulty
Vice President, Chief Operating Officer,
Chief Financial Officer and Secretary
(Principal Financial Officer)

By JOHN D. KLOPFENSTEIN
John D. Klopfenstein
Controller, Chief Accounting Officer and
Treasurer
(Principal Accounting Officer)

PATRIOT TRANSPORTATION HOLDING, INC.
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2022
EXHIBIT INDEX

(31)(a)	Certification of Robert E. Sandlin
(31)(b)	Certification of Matthew C. McNulty
(31)(c)	Certification of John D. Klopfenstein
(32)	Certification of Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
101.XSD	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104.	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

CERTIFICATIONS

Exhibit 31(a)

I, Robert E. Sandlin, certify that:

1. I have reviewed this report on Form 10-Q of Patriot Transportation Holding, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosures controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial report; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
 - c)

Date: May 13, 2022

/s/Robert E. Sandlin
President and Chief
Executive Officer

I, Matthew C. McNulty, certify that:

1. I have reviewed this report on Form 10-Q of Patriot Transportation Holding, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosures controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial report; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2022

/s/Matthew C. McNulty
Vice President, Chief Operating Officer,
Chief Financial Officer and Secretary

I, John D. Klopfenstein, certify that:

1. I have reviewed this report on Form 10-Q of Patriot Transportation Holding, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosures controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial report; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2022

/s/John D. Klopfenstein

Controller, Chief Accounting Officer and
Treasurer

Exhibit 32

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of Patriot Transportation Holding, Inc.

PATRIOT TRANSPORTATION HOLDING, INC.

Date: May 13, 2022

By /s/ROBERT E. SANDLIN
Robert E. Sandlin
President and Chief Executive Officer

By /s/MATTHEW C. MCNULTY
Matthew C. McNulty
Vice President, Chief Operating Officer, Chief
Financial Officer Secretary

By /s/JOHN D. KLOPFENSTEIN
John D. Klopfenstein
Controller, Chief Accounting Officer and Treasurer

A signed original of this written statement required by Section 906 has been provided to Patriot Transportation Holding, Inc. and will be retained by Patriot Transportation Holding, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification accompanies the issuer's Quarterly report on Form 10-Q and is not filed as provided in SEC Release Nos. 33-8212, 34-4751 and IC-25967, dated June 30, 2003.