

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2023

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	Trading Symbol	Name of each exchange on which registered
Common Stock, \$.10 par value	PATI	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  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  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

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

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

May 8, 2023  
3,526,489

PATRIOT TRANSPORTATION HOLDING, INC.  
FORM 10-Q  
QUARTER ENDED MARCH 31, 2023

CONTENTS

	Page No.
Preliminary Note Regarding Forward-Looking Statements	3
Part I. Financial Information	
Item 1. Financial Statements	
Consolidated Balance Sheets	4
Consolidated Statements of Income & Comprehensive Income	5
Consolidated Statements of Cash Flows	6
Consolidated Statements of Shareholders' Equity	7
Condensed Notes to Consolidated Financial Statements	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	12
Item 3. Quantitative and Qualitative Disclosures about Market Risks	18
Item 4. Controls and Procedures	18
Part II. Other Information	
Item 1A. Risk Factors	19
Item 2. Purchase of Equity Securities by the Issuer	19
Item 6. Exhibits	19
Signatures	20
Exhibit 31 Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	22
Exhibit 32 Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	25

## 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)

	<u>March 31,</u> 2023	<u>September 30,</u> 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,941	8,302
Accounts receivable (net of allowance for doubtful accounts of \$62 and \$68, respectively)	6,118	5,296
Inventory of parts and supplies	1,007	1,006
Prepaid tires on equipment	1,576	1,486
Prepaid taxes and licenses	241	378
Prepaid insurance	3,538	3,927
Prepaid expenses, other	186	163
Total current assets	<u>19,607</u>	<u>20,558</u>
Property and equipment, at cost	74,360	72,816
Less accumulated depreciation	52,860	52,567
Net property and equipment	<u>21,500</u>	<u>20,249</u>
Operating lease right-of-use assets	3,200	2,424
Goodwill	3,637	3,637
Intangible assets, net	457	556
Other assets, net	134	142
Total assets	<u>\$ 48,535</u>	<u>47,566</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 2,173	1,964
Federal and state taxes payable	33	594
Accrued payroll and benefits	3,238	3,208
Accrued insurance	601	1,053
Accrued liabilities, other	227	1,010
Operating lease liabilities, current portion	802	884
Total current liabilities	<u>7,074</u>	<u>8,713</u>
Operating lease liabilities, less current portion	2,769	1,705
Deferred income taxes	3,824	3,631
Accrued insurance	1,476	1,476
Other liabilities	841	854
Total liabilities	<u>15,984</u>	<u>16,379</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; 3,526,489 and 3,484,004 shares issued and outstanding, respectively)	353	348
Capital in excess of par value	40,351	39,958
Accumulated deficit	(8,230)	(9,190)
Accumulated other comprehensive income, net	77	71
Total shareholders' equity	<u>32,551</u>	<u>31,187</u>
Total liabilities and shareholders' equity	<u>\$ 48,535</u>	<u>47,566</u>

See notes to consolidated financial statements.

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

(In thousands)  
(Unaudited)

	<b>THREE MONTHS ENDED</b>		<b>SIX MONTHS ENDED</b>	
	<b>MARCH 31,</b>		<b>MARCH 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Operating revenues</b>	\$ 23,465	20,928	46,315	41,499
<b>Cost of operations:</b>				
Compensation and benefits	11,043	8,962	21,248	18,046
Fuel expenses	2,998	3,160	6,318	5,878
Repairs & tires	1,387	1,445	2,741	2,661
Other operating	819	710	1,508	1,454
Insurance and losses	1,644	2,574	3,628	4,384
Depreciation expense	1,299	1,406	2,573	2,883
Rents, tags & utilities	643	708	1,291	1,381
Sales, general & administrative	2,696	2,152	5,023	4,617
Corporate expenses	627	569	1,122	1,102
Gain on sale of terminal sites	—	—	—	(8,330)
Gain on disposition of PP&E	(275)	(119)	(341)	(479)
<b>Total cost of operations</b>	<u>22,881</u>	<u>21,567</u>	<u>45,111</u>	<u>33,597</u>
<b>Total operating profit (loss)</b>	584	(639)	1,204	7,902
Interest income and other	76	3	141	4
Interest expense	(5)	(4)	(9)	(9)
Income (loss) before income taxes	655	(640)	1,336	7,897
Provision for (benefit from) income taxes	180	(150)	376	1,948
<b>Net income (loss)</b>	<u>\$ 475</u>	<u>(490)</u>	<u>\$ 960</u>	<u>5,949</u>
Unrealized investment gains (losses), net	2	(3)	6	(3)
<b>Comprehensive income (loss)</b>	<u>\$ 477</u>	<u>(493)</u>	<u>\$ 966</u>	<u>5,946</u>
<b>Earnings per common share:</b>				
Net income (loss) -				
Basic	\$ 0.14	(0.14)	0.27	1.73
Diluted	\$ 0.13	(0.14)	0.27	1.63
<b>Number of shares (in thousands) used in computing:</b>				
-basic earnings per common share	3,518	3,458	3,504	3,439
-diluted earnings per common share	3,557	3,458	3,545	3,658

See notes to consolidated financial statements.

**PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**SIX MONTHS ENDED MARCH 31, 2023 AND 2022**

(In thousands)

(Unaudited)

	<b>Six months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 960	5,949
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,868	3,165
Non-cash lease expense	460	489
Deferred income taxes	193	(581)
Gain on asset dispositions	(341)	(8,858)
Stock-based compensation	281	265
Net changes in operating assets and liabilities:		
Accounts receivable	(822)	(1,249)
Inventory of parts and supplies	(1)	(195)
Prepaid expenses	413	1,255
Other assets	13	3
Accounts payable and accrued liabilities	(996)	(866)
Income taxes payable and receivable	(561)	1,448
Operating lease liabilities	(254)	(432)
Long-term insurance liabilities and other long-term liabilities	(13)	(13)
Net cash provided by operating activities	2,200	380
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(4,096)	(2,165)
Proceeds from the sale of property, plant and equipment	418	10,173
Net cash (used in) provided by investing activities	(3,678)	8,008
<b>Cash flows from financing activities:</b>		
Dividends paid	—	(12,808)
Expired stock options	(10)	—
Proceeds from exercised stock options	127	315
Net cash provided by (used in) financing activities	117	(12,493)
Net decrease in cash and cash equivalents	(1,361)	(4,105)
Cash and cash equivalents at beginning of period	8,302	10,899
Cash and cash equivalents at end of the period	\$ 6,941	6,794
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the period for:		
Interest	\$ 8	8
Income taxes	746	1,080
Non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for operating lease liabilities	1,236	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, 2023 AND 2022**  
(In thousands)  
(Unaudited)

	Common Stock Shares	Amount	Capital in Excess of Par Value	(Accum. Deficit) Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholders' Equity
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 October 1, 2022	3,484,004	\$ 348	\$ 39,958	\$ (9,190)	\$ 71	\$ 31,187
Stock-based compensation	—	—	84	—	—	84
Exercise of stock options	17,285	2	125	—	—	127
Director grant	25,200	3	194	—	—	197
Expired stock options	—	—	(10)	—	—	(10)
Net income	—	—	—	960	—	960
Unrealized investment gains, net	—	—	—	—	6	6
Balance as of March 31, 2023	<u>3,526,489</u>	<u>\$ 353</u>	<u>\$ 40,351</u>	<u>\$ (8,230)</u>	<u>\$ 77</u>	<u>\$ 32,551</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>
Balance as of January 1, 2023	3,501,289	\$ 350	\$ 40,118	\$ (8,705)	\$ 75	\$ 31,838
Stock-based compensation	—	—	39	—	—	39
Director grant	25,200	3	194	—	—	197
Net income	—	—	—	475	—	475
Unrealized investment gains, net	—	—	—	—	2	2
Balance as of March 31, 2023	<u>3,526,489</u>	<u>\$ 353</u>	<u>\$ 40,351</u>	<u>\$ (8,230)</u>	<u>\$ 77</u>	<u>\$ 32,551</u>

**PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2023**  
(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 85% 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 15% of our business consists of hauling dry bulk commodities such as cement, lime and various industrial powder products, water and liquid chemicals. In March 2023, we employed 324 revenue-producing drivers who operated our fleet of 260 Company tractors (excluding 7 being placed in service), 50 owner operators and 421 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, 2023 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2023. 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, 2022.

*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, 2023.

The consolidated statements of income reflect charges and/or allocation to FRP Holdings, Inc. for these services of \$225,000 and \$223,000 for the three months ended March 31, 2023 and 2022, and \$448,000 and \$476,000 for the six months ended March 31, 2023 and 2022, 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, 2023 and September 30, 2022. 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, 2023, we had no outstanding debt borrowed on this revolver, \$1,854,000 in commitments under letters of credit and \$13,146,000 available for additional borrowings. The letter of credit fee is 1% and the applicable interest rate for borrowings would have been 5.93% on March 31, 2023.

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, 2023. As of March 31, 2023, the tangible net worth covenant would have limited our ability to pay dividends or repurchase stock with borrowed funds to a maximum of \$3,457,000 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,	
	2023	2022	2023	2022
Weighted average common shares outstanding during the period – shares used for basic earnings per common share	3,518	3,458	3,504	3,439
Common shares issuable under share based payment plans which are potentially dilutive	<u>39</u>	<u>—</u>	<u>41</u>	<u>219</u>
Common shares used for diluted earnings per common share	<u>3,557</u>	<u>3,458</u>	<u>3,545</u>	<u>3,658</u>
Net income (loss)	<u>\$ 475</u>	<u>(490)</u>	<u>960</u>	<u>5,949</u>
Earnings (loss) per common share:				
-basic	<u>\$ 0.14</u>	<u>(0.14)</u>	<u>0.27</u>	<u>1.73</u>
-diluted	<u>\$ 0.13</u>	<u>(0.14)</u>	<u>0.27</u>	<u>1.63</u>

For the three and six months ended March 31, 2023, 367,013 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, 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.

## (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 10,611 at March 31, 2023.

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.

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, 2023 and 2022 was \$416,000 and \$387,000, 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,	
	2023	2022	2023	2022
Stock option grants	\$ 39	52	84	109
Annual director stock award	197	156	197	156
	<u>\$ 236</u>	<u>208</u>	<u>281</u>	<u>265</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, 2022	777,752	\$ 7.44	5.3	\$ 1,731
Expired	(10,174)	7.31		(22)
Exercised	<u>(17,285)</u>	7.31		<u>(50)</u>
Outstanding at March 31, 2023	750,293	\$ 7.44	4.9	\$ 1,659
Exercisable at March 31, 2023	599,867	\$ 7.77	4.4	\$ 1,413
Vested during six months ended March 31, 2023	100,104			\$ 185

The aggregate intrinsic value of exercisable Company options was \$477,000 and the aggregate intrinsic value of all outstanding in-the-money options was \$755,000 based on the Company's market closing price of \$8.00 on March 31, 2023 less exercise prices.

The realized tax benefit from option exercises during the six months ended March 31, 2023 was \$4,000. The unrecognized compensation expense of Patriot options granted as of March 31, 2023 was \$270,000, which is expected to be recognized over a weighted-average period of 2.1 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, 2023 and September 30, 2022, 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 the industry could have an adverse effect on our financial statements.

*Customers:* During the first six months of fiscal 2023, the Company's ten largest customers accounted for approximately 59.8% of our revenue and one of these customers accounted for 17.3% of our revenue. Accounts receivable from the ten largest customers was \$3,337,000 and \$2,861,000 at March 31, 2023 and September 30, 2022 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 85% 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 15% of our business consists of hauling dry bulk commodities such as cement, lime and various industrial powder products, water and liquid chemicals. In March 2023, we employed 324 revenue-producing drivers who operated our fleet of 260 Company tractors (excluding 7 being placed in service), 50 owner operators and 421 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 ended March 31, 2023 vs. 2022
Operating Revenues	Up 11.6%
Revenue Miles	Down 1.9%
Revenue Per Mile	Up 13.8%
PAFR (incidents per 1M miles) goal of 1.87	1.51 vs. 1.86
Operating Ratio	97.4% vs. 81.0%
Driver Turnover Rate	78.8% vs. 72.0%
Avg. Driver Count incl. owner operators	Up 0.5%

## Second Quarter Highlights

- Operating revenue per mile was up \$.40, or 10.2%, due to rate increases and an improved business mix.

## Comparative Results of Operations for the Three Months ended March 31, 2023 and 2022

(dollars in thousands)	Three months ended March 31			
	2023	%	2022	%
<b>Revenue miles (in thousands)</b>	5,411		5,314	
<b>Operating revenues</b>	23,465	100.0%	20,928	100.0%
<b>Cost of operations:</b>				
Compensation and benefits	11,043	47.1%	8,962	42.9%
Fuel expenses	2,998	12.8%	3,160	15.1%
Repairs & tires	1,387	5.9%	1,445	6.9%
Other operating	819	3.5%	710	3.4%
Insurance and losses	1,644	7.0%	2,574	12.3%
Depreciation expense	1,299	5.5%	1,406	6.7%
Rents, tags & utilities	643	2.7%	708	3.4%
Sales, general & administrative	2,696	11.5%	2,152	10.3%
Corporate expenses	627	2.7%	569	2.7%
Gain on disposition of PP&E	(275)	-1.2%	(119)	-0.6%
<b>Total cost of operations</b>	<u>22,881</u>	<u>97.5%</u>	<u>21,567</u>	<u>103.1%</u>
<b>Total operating profit (loss)</b>	<u>\$ 584</u>	<u>2.5%</u>	<u>(639)</u>	<u>-3.1%</u>

The Company reported net income of \$475,000, or \$.13 per share for the quarter ended March 31, 2023, compared to a net loss of (\$490,000), or (\$.14) per share in the same quarter prior year.

Revenue miles were up 97,000, or 1.8%, over the same quarter last year. Operating revenues for the quarter were \$23,465,000, up \$2,537,000 from the same quarter last year due to rate increases, higher fuel surcharges and an improved business mix. Operating revenue per mile was up \$.40, or 10.2%.

Compensation and benefits increased \$2,081,000, mainly due to the increases in driver compensation, a \$211,000 increase in training pay versus the same quarter last year and an increase in owner operators. Fuel expense decreased \$162,000. Insurance and losses decreased \$930,000 due to lower health and risk insurance claims. The second quarter last year included two large claims that combined for \$752,500 in expense in that quarter). Depreciation expense was down \$107,000 in the quarter. Sales, general & administrative increased \$544,000 due mainly to management incentive compensation accrual. Gain on sale of equipment was \$275,000 versus \$119,000 in the same quarter last year.

As a result, operating profit this quarter was \$584,000 compared to an operating loss of (\$639,000) in last year's 2nd quarter.

### Comparative Results of Operations for the Six Months ended March 31, 2023 and 2022

(dollars in thousands)	Six months ended March 31			
	2023	%	2022	%
<b>Revenue miles (in thousands)</b>	10,569		10,771	
<b>Operating revenues</b>	46,315	100.0%	41,499	100.0%
<b>Cost of operations:</b>				
Compensation and benefits	21,248	45.9%	18,046	43.5%
Fuel expenses	6,318	13.6%	5,878	14.2%
Repairs & tires	2,741	5.9%	2,661	6.4%
Other operating	1,508	3.3%	1,454	3.5%
Insurance and losses	3,628	7.8%	4,384	10.6%
Depreciation expense	2,573	5.6%	2,883	6.9%
Rents, tags & utilities	1,291	2.8%	1,381	3.3%
Sales, general & administrative	5,023	10.8%	4,617	11.1%
Corporate expenses	1,122	2.4%	1,102	2.7%
Gain on sale of terminal sites	—	0.0%	(8,330)	-20.1%
Loss (gain) on disposition of PP&E	(341)	-0.7%	(479)	-1.1%
<b>Total cost of operations</b>	<b>45,111</b>	<b>97.4%</b>	<b>33,597</b>	<b>81.0%</b>
<b>Total operating profit</b>	<b>\$ 1,204</b>	<b>2.6%</b>	<b>7,902</b>	<b>19.0%</b>

The Company reported net income of \$960,000, or \$.27 per share for the six months ended March 31, 2023, compared to \$5,949,000, or \$1.63 per share in the same period last year. Net income in the prior year first six months included \$6,281,000, or \$1.72 per share, from gains on real estate net of income taxes.

Revenue miles were down 202,000, or 1.9%, over the same period last year. Operating revenues for the period were \$46,315,000, up \$4,816,000 from the same period last year due to rate increases,

higher fuel surcharges and an improved business mix. Operating revenue per mile was up \$.53, or 13.8%.

Compensation and benefits increased \$3,202,000, mainly due to the increases in driver compensation, a \$296,000 in training pay versus the same period last year and increases in owner operators. Fuel expense increased \$440,000. Insurance and losses decreased \$756,000 due to lower health and risk insurance claims. Depreciation expense was down \$310,000 in the period. Sales, general & administrative increased \$406,000 due mainly to management incentive compensation accrual. Gain on sale of equipment was \$341,000 versus \$479,000 in the same period last year.

As a result, operating profit this period was \$1,204,000 compared to \$7,902,000 in the same period last year. Prior year gain on the sale of land was \$8,330,000 due to the sale of our former terminal location in Tampa, FL. Operating ratio was 97.4 in the first six months versus 81.0 in the same period last year.

**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, 2023, we had no debt outstanding on this revolver, \$1,854,000 letters of credit and \$13,146,000 available for additional borrowings. The Company expects our fiscal year 2023 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):

	<b>Six months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Total cash provided by (used for):		
Operating activities	\$ 2,200	380
Investing activities	(3,678)	8,008
Financing activities	117	(12,493)
Decrease in cash and cash equivalents	\$ (1,361)	(4,105)
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 \$2,200,000 for the six months ended March 31, 2023, compared to \$380,000 in the same period last year. The total of net income plus depreciation and amortization and less gains on sales of property and equipment increased \$3,231,000 versus the same period last year. These changes are described above under "Comparative Results of Operations." These changes comprise the majority of the increase 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, 2023, cash used in investing activities was \$3,678,000 which included the purchase of plant, property and equipment net of the proceeds from retirements. 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.



**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, 2023, cash provided by financing activities was \$117,000 due to proceeds from exercised stock options offset by expired stock options. 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. We had no outstanding long-term debt on March 31, 2023 or 2022.

**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, 2023, the tangible net worth covenant would have limited our ability to pay dividends or repurchase stock with borrowed funds to a maximum of \$3,457,000 combined.

**Cash Requirements** - The Company currently expects its fiscal 2023 capital expenditures to be approximately \$12.0 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, 2023 were \$4,096,000.

**Summary and Outlook.** While the driver market is still challenging, we are off to a solid start in fiscal 2023. Total revenue, revenue per mile and driver count have all increased since the same period last year. Since the start of our fiscal year we have increased our average driver count by ~30 drivers which resulted in the Company beating revenue miles versus the same quarter last year for the first time in several years. April of 2021 was when we made our first significant driver pay increase (15%) and focused on improving in many areas to help us retain our drivers. Since that time, our driver pay is up 25-35% across all markets and our turnover rate YTD has improved to 79% versus 105% in fiscal year 2021. While the training cost has increased significantly, the added driver capacity is welcome and has allowed us to continue to add some quality new business with both existing and new customers in a few markets and we are working to continue that trend.

Our balance sheet remained stable with \$6.9 million of cash as of March 31, 2023, with no outstanding debt. Through the first six months we have purchased 21 new tractors. For the remainder of fiscal 2023 we are planning to replace 52 additional tractors (29 are replacing lease units) and ~10 trailers and anticipate a total capital expenditure of ~\$12 million in fiscal 2023.

### **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, 2023 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, 2023, 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, 2022, 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 21.

## 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 10, 2023

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, 2023**  
**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)

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.

Date: May 10, 2023

/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 10, 2023

/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 10, 2023

/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 10, 2023

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.