

August 20, 2019



# ToughBuilt Reports Second Quarter 2019 Financial Results

LAKE FOREST, Calif., Aug. 20, 2019 (GLOBE NEWSWIRE) -- **ToughBuilt Industries, Inc. (“ToughBuilt”)** (**NASDAQ: TBLT; TBLTW**), a leading designer, manufacturer and distributor of innovative tools and accessories for the building industry, today announced financial results for the quarter ended June 30, 2019.

Michael Panosian, Chief Executive Officer of ToughBuilt commented, “We are pleased to announce a 15.5% increase in revenues year over year for the six months ended June 30, 2019, which continues to demonstrate our sustainable growth model. We continue to expand our e-commerce platform. During the second quarter, we launched Amazon storefronts in Canada, Australia and Mexico, in addition to our U.S. Marketplace. These have become significant drivers of demand for our products. We will continue to expand the number of SKUs represented and aggressively market our Amazon storefronts. Building on this success, we are now preparing to launch a much broader business-to-consumer global e-commerce platform.”

“We continue to advance our mobile strategy focused on development of new technologies geared to the demand for ruggedized mobile devices, with an additional patent granted in the second quarter, bringing the total to three new patents in 2019. We are also launching a suite of mobile applications that will streamline workflow through trade specific solutions, thereby increasing workforce profitability by cutting time and labor costs across a wide array of industries.”

## Highlights of Second Quarter 2019 and 6-month Financial Results

Revenues for the three months ended June 30, 2019 and 2018 were \$4,754,340 and \$4,537,354, respectively. Revenues increased in 2019 over 2018 by \$216,986, or 4.8%, primarily due to an increase in sales orders for metal goods offset by a decrease in sales of soft goods. Gross profit for the three months ended June 30, 2019 was \$1,176,922 compared to \$1,085,015 for the three months ended June 30, 2018. The Company reported net income of \$7,422 for the three months ended June 30, 2019, as compared to a net loss of \$2,716,255 for the three months ended June 30, 2018.

Revenues for the 6 months ended June 30, 2019 were \$9,776,811, an increase of \$1,311,332 or 15.5% over the first six months of 2018. Gross profit for the six months ended June 30, 2019 was \$2,354,636 compared to \$2,050,449 for the six months ended June 30, 2018. The Company reported a net loss for the six months ended June 30, 2019 and 2018 of \$1,629,555 and \$4,128,941 respectively, a decrease in net loss of \$2,449,386.

## About ToughBuilt Industries, Inc.

ToughBuilt is a groundbreaking designer, manufacturer and distributor of innovative tools and accessories to the building industry. We market and distribute various home improvement and construction product lines for both the do-it-yourself and professional markets under the TOUGHBUILT® brand name, within the global multibillion dollar per year tool market industry. All of our products are designed by our in-house design team. Since launching product sales in 2013, we have experienced significant annual sales growth. Our current product line includes three major categories, with several additional categories in various stages of development, consisting of Soft Goods & Kneepads and Sawhorses & Work Products. Our mission is to provide products to the building and home improvement communities that are innovative, of superior quality derived in part from enlightened creativity for our end users while enhancing performance, improving well-being and building high brand loyalty. Additional information about the Company is available at: <https://www.toughbuilt.com>.

## Forward-Looking Statements

This press release contains “forward-looking statements.” Such statements may be preceded by the words “intends,” “may,” “will,” “plans,” “expects,” “anticipates,” “projects,” “predicts,” “estimates,” “aims,” “believes,” “hopes,” “potential” or similar words. Forward-looking statements are not guarantees of future performance, are based on certain assumptions and are subject to various known and unknown risks and uncertainties, many of which are beyond the Company’s control, and cannot be predicted or quantified and consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, risks and uncertainties associated with (i) market acceptance of our existing and new products, (ii)

negative clinical trial results or lengthy product delays in key markets, (iii) an inability to secure regulatory approvals for the sale of our products, (iv) intense competition in the medical device industry from much larger, multinational companies, (v) product liability claims, (vi) product malfunctions, (vii) our limited manufacturing capabilities and reliance on subcontractors for assistance, (viii) insufficient or inadequate reimbursement by governmental and other third party payers for our products, (ix) our efforts to successfully obtain and maintain intellectual property protection covering our products, which may not be successful, (x) legislative or regulatory reform of the healthcare system in both the U.S. and foreign jurisdictions, (xi) our reliance on single suppliers for certain product components, (xii) the fact that we will need to raise additional capital to meet our business requirements in the future and that such capital raising may be costly, dilutive or difficult to obtain and (xiii) the fact that we conduct business in multiple foreign jurisdictions, exposing us to foreign currency exchange rate fluctuations, logistical and communications challenges, burdens and costs of compliance with foreign laws and political and economic instability in each jurisdiction. More detailed information about the Company and the risk factors that may affect the realization of forward looking statements is set forth in the Company's filings with the Securities and Exchange Commission (SEC), including the Company's Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q. Investors and security holders are urged to read these documents free of charge on the SEC's web site at <http://www.sec.gov>. The Company assumes no obligation to publicly update or revise its forward-looking statements as a result of new information, future events or otherwise.

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(tables follow)

**TOUGHBUILT INDUSTRIES, INC.  
CONDENSED BALANCE SHEETS**

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	(Unaudited)	
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 1,023,913	\$ 5,459,884
Accounts receivable, net	1,795,397	985,854
Factor receivables, net	1,391,840	1,542,835
Inventory	1,166,597	379,915
Prepaid assets	297,848	222,000
<b>Total Current Assets</b>	<b>5,675,595</b>	<b>8,590,488</b>
Property and equipment, net	398,839	224,196
Other assets	39,551	36,014
<b>Total Assets</b>	<b>\$ 6,113,985</b>	<b>\$ 8,850,698</b>
<b>Liabilities and Shareholders' Equity (Deficit)</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,805,899	\$ 1,962,901
Accrued expenses	403,192	927,569
Deferred revenue	74,111	107,776
Factor loan payable	1,085,530	1,304,512
Warrant derivative	1,757,408	23,507,247
<b>Total Current Liabilities</b>	<b>5,126,140</b>	<b>27,810,005</b>
<b>Total Liabilities</b>	<b>5,126,140</b>	<b>27,810,005</b>
<b>Shareholders' Equity (Deficit)</b>		
Series C Preferred Stock, \$.0001 par value, 4,268 and 0 shares authorized, issued, and outstanding at June 30, 2019 and December 31, 2018, respectively. No liquidation preference.	-	-
Common stock, \$.0001 par value, 100,000,000 shares authorized, 23,186,931 and 9,870,873 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	2,319	987
Additional paid-in capital	39,590,292	20,152,107
Accumulated deficit	(38,604,766)	(39,112,401)
<b>Total Shareholders' Equity (Deficit)</b>	<b>987,845</b>	<b>(18,959,307)</b>

Total Liabilities and Shareholders' Equity (Deficit)

\$ 6,113,985      \$ 8,850,698

**TOUGHBUILT INDUSTRIES, INC.**  
**CONDENSED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	<u>Three Months Ended June</u> <u>30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues, net of allowances				
Metal goods	\$ 2,274,978	\$ 1,756,860	\$ 3,916,250	\$ 3,858,840
Soft goods	2,479,362	2,780,494	5,860,561	4,606,639
Total revenues, net of allowances	<u>4,754,340</u>	<u>4,537,354</u>	<u>9,776,811</u>	<u>8,465,479</u>
 Cost of Goods Sold				
Metal goods	1,680,762	1,428,120	2,974,433	3,056,697
Soft goods	1,896,656	2,024,219	4,447,742	3,358,333
Total cost of goods sold	<u>3,577,418</u>	<u>3,452,339</u>	<u>7,422,175</u>	<u>6,415,030</u>
 Gross profit	<u>1,176,922</u>	<u>1,085,015</u>	<u>2,354,636</u>	<u>2,050,449</u>
 Operating expenses:				
Selling, general and administrative expenses	2,528,461	1,414,755	5,258,003	2,743,820
Litigation expense	-	1,192,488	-	1,192,488
Research and development	666,448	470,007	1,130,043	855,424
Total operating expenses	<u>3,194,909</u>	<u>3,077,250</u>	<u>6,388,046</u>	<u>4,791,732</u>
 Loss from operations	<u>(2,017,987 )</u>	<u>(1,992,235 )</u>	<u>(4,033,410 )</u>	<u>(2,741,283 )</u>
 Other income (expense)				
Interest expense	(86,275 )	(724,020 )	(168,538 )	(1,387,658 )
Change in fair value of warrant derivative	2,111,684	-	4,709,583	-
Total other income (expense)	<u>2,025,409</u>	<u>(724,020 )</u>	<u>4,541,045</u>	<u>(1,387,658 )</u>
 Net income (loss)	<u>7,422</u>	<u>(2,716,255 )</u>	<u>507,635</u>	<u>(4,128,941 )</u>
 Common stock deemed dividend	<u>-</u>	<u>-</u>	<u>(2,137,190 )</u>	<u>-</u>
 Net income (loss) attributable to common stockholders	<u>\$ 7,422</u>	<u>\$ (2,716,255 )</u>	<u>\$ (1,629,555 )</u>	<u>\$ (4,128,941 )</u>
 Basic and diluted net loss per share attributed to common stockholders				
Basic net loss per common share	<u>\$ 0.00</u>	<u>\$ (0.74 )</u>	<u>\$ (0.11 )</u>	<u>\$ (1.12 )</u>
Basic weighted average common shares outstanding	<u>19,042,699</u>	<u>3,679,500</u>	<u>15,388,342</u>	<u>3,679,500</u>
 Diluted net loss per common share	<u>\$ 0.00</u>	<u>\$ (0.74 )</u>	<u>\$ (0.41 )</u>	<u>\$ (1.12 )</u>
Diluted weighted average common shares outstanding	<u>19,042,699</u>	<u>3,679,500</u>	<u>15,516,181</u>	<u>3,679,500</u>



Source: ToughBuilt Industries, Inc.