

November 19, 2019



ToughBuilt Reports Third Quarter 2019 Financial Results

Third Quarter 2019 Revenues up 38.3% from Third Quarter 2018 and 22.1% Increase for the Nine Months Ended September 30, 2019 over September 30, 2018

LAKE FOREST, Calif, Nov. 19, 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 September 30, 2019.

Michael Panosian, Chief Executive Officer of ToughBuilt commented, "We are pleased to announce a 38.3% increase in revenues for the third quarter of 2019 over the third quarter of 2018 and a 22.1% increase in revenues year over year for the nine months ended September 30, 2019, which continues to demonstrate our sustainable growth model. We continue to expand our e-commerce platform.

We have had a busy third quarter in addition to our marked revenue increase. In addition to our continued growth in our big box store clients in the U.S., we demonstrated significant growth in Canada and also online throughout Europe including the launch of Amazon storefronts in Germany, France, Spain and Italy, as part of our global e-commerce initiative. We also opened a European base of operations in London, UK to better service our international clients. These measures have become significant drivers of demand for our products. We will continue to expand the number of SKUs represented and aggressively market to big box stores in North America and abroad and to our Amazon storefronts. Building on this success, we are now preparing to launch a much broader business-to-consumer global e-commerce platform, as well as continue our aggressive big box programs."

Highlights of Third Quarter 2019 and Nine-Month Financial Results

Revenues for the three months ended September 30, 2019 and 2018 were \$4,784,087 and \$3,460,150, respectively. Revenues increased in 2019 over 2018 by \$1,313,937, or 38.3%. Gross profit for the three months ended September 30, 2019 was \$1,479,970 compared to \$654,109 for the three months ended September 30, 2018. The Company reported a net loss of \$2,689,342 for the three months ended September 30, 2019, as compared to a net loss of \$3,008,675 for the three months ended September 30, 2018, a decrease in net loss of 10.6%.

Revenues for the nine months ended September 30, 2019 were \$14,560,898 an increase of \$2,635,269, or 22.1% over the first nine months of 2018. Gross profit for the nine months ended September 30, 2019 was \$3,434,606 compared to \$2,704,558 for the nine months ended September 30, 2018. The Company reported a net loss for the nine months ended September 30, 2019 and 2018 of \$2,181,707 and \$7,137,615 respectively, a decrease in net

loss of 69.4%.

About ToughBuilt Industries, Inc.

ToughBuilt is a 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 professional and do-it-yourself 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) delays in bringing products to key markets, (iii) an inability to secure regulatory approvals for the ability to sell our products in certain markets, (iv) intense competition in the 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) our efforts to successfully obtain and maintain intellectual property protection covering our products, which may not be successful, (ix) our reliance on single suppliers for certain product components, (x) 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 (xi) 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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**TOUGHBUILT INDUSTRIES, INC.
CONDENSED BALANCE SHEETS**

	September 30, 2019	December 31, 2018
	(UNAUDITED)	
Assets		
Current Assets		
Cash	\$ 2,455,323	\$ 5,459,884
Accounts receivable, net	1,674,896	985,854
Factor receivables, net	944,964	1,542,835
Inventory	1,774,439	379,915
Prepaid assets	214,514	222,000
Total Current Assets	<u>7,064,136</u>	<u>8,590,488</u>
Other Assets		
Property and equipment, net	718,339	224,196
Note receivable	4,780,000	-
Other assets	102,429	36,014
Total Assets	<u>\$ 12,664,904</u>	<u>\$ 8,850,698</u>
Liabilities and Shareholders' Equity Deficit		
Current Liabilities		
Accounts payable	\$ 2,045,019	\$ 1,962,901
Accrued expenses	385,735	927,569
Deferred revenue	-	107,776
Factor loan payable	680,668	1,304,512
Warrant derivative	482,489	23,507,247
Convertible notes payable – current	3,625,556	-
Total Current Liabilities	<u>7,219,467</u>	<u>27,810,005</u>
Convertible notes payable - net of current portion	<u>5,273,357</u>	<u>-</u>
Total Liabilities	<u>12,492,824</u>	<u>27,810,005</u>
Shareholders' Equity (Deficit)		
Series C Preferred Stock, \$.0001 par value, 3,268 and 0 shares authorized, issued, and outstanding at September 30, 2019 and December 31, 2018, respectively. No liquidation preference.	-	-
Common stock, \$0.0001 par value, 100,000,000 shares authorized, 28,120,293 and 9,870,873 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively	2,800	987

Additional paid-in capital	41,463,387	20,152,107
Accumulated deficit	(41,294,108)	(39,112,401)
Total Shareholders' Equity (Deficit)	172,079	(18,959,307)
Total Liabilities and Shareholders' Equity (Deficit)	<u>\$ 12,664,903</u>	<u>\$ 8,850,698</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues, net of allowances				
Metal goods	\$ 2,527,734	\$ 1,510,873	\$ 6,443,984	\$ 5,369,713
Soft goods	2,256,353	1,949,277	8,116,914	6,555,916
Total revenues, net of allowances	<u>4,784,087</u>	<u>3,460,150</u>	<u>14,560,898</u>	<u>11,925,629</u>
Cost of Goods Sold				
Metal goods	1,759,091	1,268,825	4,733,524	4,325,522
Soft goods	1,545,027	1,537,216	5,992,769	4,895,549
Total cost of goods sold	<u>3,304,118</u>	<u>2,806,041</u>	<u>10,726,293</u>	<u>9,221,071</u>
Gross profit	<u>1,482,969</u>	<u>654,109</u>	<u>3,834,605</u>	<u>2,704,558</u>
Operating expenses:				
Selling, general and administrative expenses	3,549,480	1,918,613	8,807,483	4,641,290
Litigation expense	-	-	-	1,192,488
Research and development	391,460	591,489	1,521,503	1,446,913
Total operating expenses	<u>3,940,940</u>	<u>2,510,102</u>	<u>10,328,986</u>	<u>7,280,691</u>
Loss from operations	<u>(2,460,970)</u>	<u>(1,885,993)</u>	<u>(6,494,380)</u>	<u>(4,576,133)</u>
Other income (expense)				
Interest expense	(288,152)	(1,152,681)	(456,690)	(2,561,482)
Change in fair value of warrant derivative	59,780	-	4,769,363	-
Total other income (expense)	<u>(228,372)</u>	<u>(1,152,681)</u>	<u>4,312,673</u>	<u>(2,561,482)</u>
Loss before provision for income taxes	<u>(2,689,342)</u>	<u>(3,008,675)</u>	<u>(2,181,707)</u>	<u>(7,137,615)</u>
Provision for income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Net loss	(2,689,342)	(3,008,675)	(2,181,707)	(7,137,615)
Basic and diluted net loss per share				
Basic net loss per common share	\$ (0.09)	\$ (0.41)	\$ (0.11)	\$ (0.97)
Basic weighted average common shares outstanding	30,844,557	7,359,000	19,061,790	7,359,000
Diluted net loss per common share	\$ (0.09)	\$ (0.41)	\$ (0.11)	\$ (0.97)
Diluted weighted average common shares outstanding	30,844,557	7,359,000	19,061,790	7,359,000



Source: Toughbuilt Industries, Inc