

March 30, 2020



ToughBuilt Industries Announces Fiscal 2019 Results

Lake Forest, CA, March 30, 2020 (GLOBE NEWSWIRE) -- ToughBuilt Industries, Inc. ("ToughBuilt") (NASDAQ: TBLT; TBLTW), today reported financial results for the fiscal year ended December 31, 2019.

Key Financial Highlights:

- Revenues (net of allowances) for the year ended December 31, 2019 increased 25% to \$19 million, as compared to \$15.3 million in fiscal 2018.
- Gross Profit increased 60% to \$5.6 million, as compared to \$3.5 million in fiscal 2018.
- Reduced net loss attributable to common stockholders, \$4.3 million, or \$0.14 per share, as compared to \$32.3 million, or \$7.22 per share in fiscal 2018.

Michael Panosian, Chief Executive Officer of ToughBuilt, commented, "I am pleased to announce 2019 was a year filled with capitalization of opportunities for us due to our aggressive sales and marketing efforts. We are encouraged by our progress and the strong positive market pull we have been receiving for ToughBuilt's products, as is evident in our increased sales numbers and new commercial agreements. We will continue to make bold, yet strategic, decisions, to accelerate our business and enable us to take advantage of near- and long-term opportunities globally."

Key Business Highlights of 2019:

- Achieved consistent sales increases with ToughBuilt Amazon storefront, both in the U.S. and internationally.
- Product launch in Home Depot Canada.
- Established European sales and marketing headquarters in London, England.
- Entered into a distribution agreement with Toolbank, the leading distributors of hand and power tools and accessories in UK and Ireland.
- Products launched at Screwfix in the United Kingdom.
- Expansion of global e-commerce in Mexico, France, Germany, Spain, Italy and Australia.
- Expanded product lines and sales with Menards, 3rd largest home improvement chain in mid-western U.S.
- Expanded manufacturing base to India
- Began development of numerous hand tools categories to be launched in 2020 and beyond

Mr. Panosian continued, "Throughout 2019 we were focused on growth, innovation, establishing systems, expanding our team and establishing long term opportunities globally. The accumulation of all these efforts has brought us more brand recognition and a solid platform that will serve Toughbuilt for many years to come. We are focused on developing

long-term partnerships that will increase revenues, generate positive cash flow and subsequently reach profitability.

“The times in which we live are challenging and ToughBuilt is committed in doing our part to support professionals and end users in the field.”, concluded Mr. Panosian.”

ABOUT TOUGHBUILT INDUSTRIES, INC.

ToughBuilt is an advanced product design, manufacturer and distributor with emphasis on innovative products. Currently focused on tools and other accessories for the professional and do-it-yourself construction industries. 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) 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. BALANCE SHEETS

	December 31, 2019	December 31, 2018
Assets		
Current Assets		
Cash	\$ 25,063	\$ 5,459,884
Accounts receivable, net	2,075,380	985,854
Factor receivables, net	174,042	1,542,835
Inventory	2,215,497	379,915
Prepaid assets	254,070	222,000
Note receivable	4,480,000	-
Total Current Assets	9,224,052	8,590,488
Other Assets		
Property and equipment, net	1,029,885	224,196
Other assets	215,688	36,014
Total Assets	\$ 10,469,625	\$ 8,850,698
Liabilities and Shareholders' Equity (Deficit)		
Current Liabilities		
Accounts payable	\$ 2,536,871	\$ 1,962,901
Accrued expenses	364,309	927,569
Deferred revenue	-	107,776
Factor loan payable	125,645	1,304,512
Warrant derivative	-	23,507,247
Convertible notes payable - current	4,216,307	-
Total Current Liabilities	7,243,132	27,810,005
Total Liabilities	7,243,132	27,810,005
Commitments and Contingencies (Note 7)		
Shareholders' Equity (Deficit)		
Series D Preferred Stock, \$1,000 par value, 5,775 and 0 shares authorized, issued, and outstanding at December 31, 2019 and December 31, 2018, respectively. Liquidation preference of \$5,775,000 plus any off balance sheet accrued dividends.	4,816,485	-
Series C Preferred Stock, \$.0001 par value, 1,268 and 0 shares authorized, issued, and outstanding at December 31, 2019 and December 31, 2018, respectively. No liquidation preference.	-	-
Common stock, \$0.0001 par value, 200,000,000 shares authorized, 33,000,151 and 9,870,873 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively	3,300	987
Additional paid-in capital	41,820,078	20,152,107

Accumulated deficit	(43,413,370)	(39,112,401)
Total Shareholders' Equity (Deficit)	3,226,493	(18,959,307)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 10,469,625	\$ 8,850,698

TOUGHBUILT INDUSTRIES, INC.
Statements of Operations

	For The Years Ended December 31,	
	2019	2018
Revenues, net of allowances		
Metal goods	\$ 8,987,088	\$ 7,174,618
Soft goods	10,102,983	8,114,782
Total revenues, net of allowances	19,090,071	15,289,400
Cost of Goods Sold		
Metal goods	6,285,750	5,897,354
Soft goods	7,190,197	5,896,852
Total cost of goods sold	13,475,947	11,794,206
Gross profit	5,614,124	3,495,194
Operating expenses:		
Selling, general and administrative expenses	12,078,762	6,937,704
Litigation expense	-	1,192,488
Research and development	2,116,018	1,816,389
Total operating expenses	14,194,780	9,946,581
Loss from operations	(8,580,656)	(6,451,387)
Other income (expense)		
Inducement cost for debt conversions	-	(3,542,161)
Interest expense	(972,165)	(3,321,439)
Change in fair value of warrant derivative	5,251,852	(14,336,425)
Total other income (expense)	4,279,687	(21,200,025)
Loss before provision for income taxes	(4,300,969)	(27,651,412)
Provision for income taxes	-	-
Net loss	(4,300,969)	(27,651,412)
Accretion of Redeemable Convertible Preferred Stock Dividend	-	(3,667,620)
Common Stock Deemed Dividend	-	(980,375)
Net loss attributable to common stockholders	\$ (4,300,969)	\$ (32,299,407)
Basic and Diluted Net Loss Per Share	\$ (0.14)	\$ (7.22)
Weighted Average Number of Shares Outstanding - Basic and Diluted	31,007,384	4,476,403



Source: Toughbuilt Industries, Inc