August 22, 2023

Toughbuilt Industries Announces Second Quarter 2023 Results

Revenue increased 5.5% year-over-year to $18.9 million

Gross profit increased 18.5% year-over-year to $5.8 million

Gross Margin increased by 330 basis points year-over-year to 31%

Net loss improved 53% year-over-year down to $5.9 million from $12.1 million

IRVINE, Calif., Aug. 22, 2023 (GLOBE NEWSWIRE) -- **ToughBuilt Industries, Inc. ("ToughBuilt" or “the Company”) (NASDAQ: TBLT; TBLTW)**, reported today their financial results for the fiscal quarter ended June 30, 2023. The Company will host its Q2 2023 earnings conference call today at 5:00 p.m. (ET).

Financial Highlights for the Quarter Ended June 30, 2023 include:

- Revenues increased by approximately 5.5% to $18.9 million for Q2 2023, compared to $17.9 million in Q2 2022. This increase was primarily due to wide acceptance of the Company’s products and recurring sales orders for metal goods and soft goods from its existing and new customers, and the introduction and sale of new soft goods products.

- Gross profit increased 18.0% to $5.8 million in the second quarter of 2023, compared to $4.9 million in the second quarter of 2022. Gross margin increased to approximately 31% in the second quarter of 2023, compared to 28% in the second quarter of 2022. This was primarily driven by improved product mix and select pricing adjustments to better reflect the value our products provide.

- Operating expenses were approximately $14.9 million in the second quarter of 2023, compared to approximately $14.5 million in the second quarter of 2022.

- Net loss attributable to common shareholders in the second quarter of 2023 was approximately $5.9 million, or $0.36 per share, compared to a net loss of approximately $12.1 million, or $9.45 per share in the second quarter of 2022. This improvement was attributable to the Company’s continued focus on increased efficiency and prudent capital allocation.

- Amazon.com sales were $3.61 million in Q2 2023, compared to $3.56 million in Q2 2022.

- Public offering raise of $4.5 million in June 2023, resulting in net proceeds of $3.7 million.

Recent Business Highlights

- The Company expanded distribution to customers in the United Kingdom through new business relationships with Howdens UK and City Electrical Factors UK ("CEF"), with a combined network of more than 1,200 retail locations nationwide.

- The Company expanded its distribution in the European Union through two major retail groups, La Platforme Du Batiment and Prolians, which combined serve 600,000+ professional customers in France and Spain.

ToughBuilt's CEO, Michael Panosian commented, "Throughout this quarter, ToughBuilt has continued to navigate a challenging and evolving market landscape. Despite the challenges, I'm pleased to report that our focus on innovation, operational excellence and expanding our strategic partnerships, allowed us to achieve solid results." Mr. Panosian continued, "Our improved gross margins and operating leverage are a testament to both the value of our products and strong cost management efforts. We're committed to continued improvement of efficiencies and attaining profitability. Even as we introduce additional new products, we believe that a significant portion of our major new design work has been completed and we can begin to reap the rewards of what we have built to date."

Conference Call Information:

Michael Panosian, ToughBuilt's Chief Executive Officer, and Martin Galstyan, ToughBuilt's Chief Financial Officer, will host a conference call to review the Company's financial and operating results at 5:00pm ET today.

To attend the conference call, please dial one of the teleconference numbers below or follow the audio webcast here. Attendees are encouraged to dial in to the conference call at least five minutes prior to the start time.

U.S. TOLL-FREE: 1-877-407-9716
INTERNATIONAL: 1-201-493-6779

To listen to a replay of the conference call, please dial one of the teleconference numbers below. The replay will also be available through the audio webcast link here.

REPLAY U.S. TOLL-FREE: 1-844-512-2921
REPLAY INTERNATIONAL: 1-412-317-6671
REPLAY PIN: 13740653

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 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) the impact of the worldwide COVID-19 pandemic and government actions, on our business, (ii) supply chain disruptions, (iii) inflationary and interest rate concerns and the impact on consumers, (iv) cybersecurity breaches and threats, (v) market acceptance of our existing and new products, (vi) delays in bringing products to key markets; (vii) an inability to secure regulatory approvals for the ability to sell our products in certain markets, (viii) intense competition in our industry from much larger, multinational companies, (ix) product liability claims, (x) product malfunctions, (xi) our limited manufacturing capabilities and reliance on subcontractors for assistance, (xii) our efforts to successfully obtain and maintain intellectual property protection covering our products or defend ourselves from third parties’ infringement claims, (xiii) our reliance on a single supplier for certain product components, (xiv) 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 (xv) the fact that we conduct business in multiple foreign jurisdictions, exposing us to tariffs, 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 and (xvi) changes in e-commerce marketplaces. 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 our Annual Report on Form 10-K and our subsequent 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 encourages you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements contained in this press release. As a result of these matters, changes in fact, assumptions not being realized or other circumstances, the Company's actual results may differ materially from the expected results discussed in the forward-looking statements contained in this press release. The forward-looking statements made in this press release are made only as of the date of this press release, and the Company undertakes no obligation to update them to reflect subsequent events or circumstances.

Investor Relations Contact:
KCSA Strategic Communications
David Hanover

toughbuilt@kcsa.com

Source: ToughBuilt Industries, Inc

Source: ToughBuilt Industries, Inc.