April 1, 2019

ToughBuilt Provides Business Update and Reports Financial Results for 2018

LAKE FOREST, CA / ACCESSWIRE / April 1, 2019 / ToughBuilt Industries, Inc. ("ToughBuilt") (NASDAQ: TBLT; TBLTW), a leading designer, manufacturer and distributor of innovative tools and accessories to the building industry, today provided a business update and announced financial results for the year ended December 31, 2018.

Michael Panosian, Chief Executive Officer of ToughBuilt, commented, "We launched our business in 2013 with annual sales of $1.0 million and I am proud to report that we have grown our product sales to $15.3 million in 2018. We achieved a 7.7% increase in sales over the prior year despite capital constraints in 2018 and the tremendous effort that went into our Initial Public Offering. We successfully completed the IPO in November 2018 and raised a net amount of $11.7 million, which has allowed us to accelerate our sales and marketing efforts, as well as develop new products and increase our production capacity. As a result, we believe we are well positioned for growth in 2019."

"In January 2019, we launched product sales within Menards, one of the leading U.S. home improvement chains. This dramatically expands our footprint across the U.S. into hundreds of retail locations. We are now supplying this retailer with over 75 different SKUs under both the ToughBuilt® brand and private label. We expect the number of SKUs to grow as we continue to receive positive feedback from Menards and consumers."

"In January 2019, we announced that we expanded our footprint internationally. We signed a distribution agreement with Toolbank, one of Europe's leading specialist distributors of hand and power tools to independent retailers. We are currently supplying 83 SKUs to Toolbank, which operates from 15 regional warehouses, 11 branches, and two distribution centers in Dublin, Ireland. Their large presence in Europe should allow us to scale up rapidly to meet the anticipated demand for our products."

"In February 2019, we announced that we launched our Amazon Online storefront. We have partnered with WingPoint Group, a manufacturers' consulting agency, to manage our Amazon online store front and overall online presence. WingPoint is also aiding in the expansion of our product portfolio into new product categories, both online and offline."

"Finally, we recently announced that United States Patent and Trademark Office (USPTO) has granted two new design patents that cover our ruggedized mobile devices. We have developed a line of ruggedized smartphones that have proprietary applications designed to maximize the productivity of construction workers and building enthusiasts in the field. These patents represent a significant milestone in our efforts to diversify our products and the markets we serve. Our goal is to disrupt the market with patented and patent-pending technologies throughout our flagship line of ruggedized mobile products and accessories. We remain on track to launch our first ruggedized smartphones in 2019, and we believe this market represents a significant growth opportunity for the Company."

2018 Financial Results
Revenues for the years ended December 31, 2018 and 2017 were $15.3 million and $14.2 million, respectively, which consists of metal goods and soft goods sold to customers. Revenues increased approximately by $1.1 million or 7.7%, in 2018 versus 2017 primarily due to wide acceptance the Company's products in the tools industry, recurring sales from existing customers & new customers and sales of new soft goods products. Gross profit for the year ended December 31, 2018 was $3.5 million or 22.9% of revenue, versus $4.0 million, or 27.9% of revenue for the year ended December 31, 2017. Net loss attributable to common stockholders for the year ended December 31, 2018 was $(32.3) million, or $(7.22) per share, versus a net loss of $(5.9) million, or $(1.61) per share, in the prior year. Net loss for 2018 included a non-cash expense of $14.3 million attributed to the change in the fair value associated with warrant derivative, non-recurring inducement cost for debt conversions of $3.5 million, non-recurring amortization of debt issuances and debt discounts of $2.2 million, and non-recurring litigation expense of $1.2 million.

About ToughBuilt Industries, Inc.
ToughBuilt is a leading 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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TOUGHBUILT INDUSTRIES, INC.
BALANCE SHEETS

	December 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash	$ 5,459,884	$ 44,348
Accounts receivable	985,854	153,407
Factor receivables, net of allowance for sales discounts of $13,000 at December 31, 2018 and 2017, respectively	1,542,835	1,663,398
Inventory - finished goods	379,915	98,672
Prepaid assets	222,000	52,500
Total Current Assets	8,590,488	2,012,325
Property and equipment, net	224,196	344,919
Security deposit	36,014	44,567
Total Assets	$ 8,850,698	$ 2,401,811

LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT

Current Liabilities		
Accounts payable	$ 1,962,901	$ 2,331,224
Accrued liabilities	717,452	731,191
Accrued payroll taxes	150,559	469,271
Accrued interest	-	699,576
Other current liabilities	167,333	86,873
Advance from officer	-	400,000
Loan payable - factor	1,304,512	1,078,941
Warrant derivative	23,507,247	-
Convertible debentures, net of debt discount and debt issuance cost of $0 and $835,854 at December 31, 2018 and 2017, respectively	-	4,864,146
Total Current Liabilities	27,810,004	10,661,222
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Commitments and contingencies		
Convertible Preferred Stock		
Class B Convertible Preferred Stock, $0.0001 par value, 5,000,000 shares authorized; 0 shares and 198,875 shares issued and outstanding, net of discount of $0 and $196,758 at December 31, 2018 and 2017, respectively (liquidation preference of $0 and $2,024,125 as of December 31, 2018 and 2017)	-	1,490,013
Stockholders' Deficit		
Common stock, $0.0001 par value, 100,000,000 shares authorized; 9,870,874 shares and 3,679,500 shares issued and outstanding at December 31, 2018 and 2017, respectively	988	368
Additional paid in capital	20,152,107	1,711,197
Accumulated deficit	(39,112,401)	(11,460,989)
Total Stockholders' Deficit	(18,959,306)	(9,749,424)
Total Liabilities, Convertible Preferred Stock and Stockholders' Deficit	$ 8,850,698	$ 2,401,811

TOUGHBUILT INDUSTRIES, INC.
STATEMENTS OF OPERATIONS

	For The Year Ended December 31, 2018	For The Year Ended December 31, 2017
Revenues, Net of Allowances		
Metal goods	$ 7,174,618	$ 6,470,877
Soft goods	8,114,782	7,730,959
Total Revenues, Net of Allowances	15,289,400	14,201,836
Cost of Goods Sold		
Metal goods	5,897,354	4,892,078
Soft goods	5,896,852	5,342,760
Total Cost of Goods Sold	11,794,206	10,234,838
Gross Profit	3,495,194	3,966,998
Operating Expenses		

Selling, general and administrative	6,937,704	6,070,868
Litigation expense	1,192,488	-
Research and development	1,816,389	1,675,093
Total Operating Expenses	9,946,581	7,745,961
Operating Loss	(6,451,387)	(3,778,963)
Other Income (Expense)		
Inducement cost for debt conversions	(3,542,161)	-
Amortzation of debt issuances and debt discounts	(2,202,617)	(863,460)
Change in the fair value of warrant derivative	(14,336,425)	-
Interest expense	(1,118,822)	(1,299,034)
Total Other Income (Expense)	(21,200,025)	(2,162,494)
Net Loss Before Income Tax	(27,651,412)	(5,941,457)
Provision for Income Tax	-	-
Net Loss	(27,651,412)	(5,941,457)
Accretion of Redeemable Convertible Preferred Stock Dividend	(3,667,620)	-
Common Stock Deemed Dividend	(980,375)	-
Net Loss Attributable to Common Stockholders	$(32,299,407)	$ (5,941,457)
Net Loss per Share Attributable to Common Stockholders - Basic and Diluted	$ (7.22)	$ (1.61)
Weighted Average Shares Outstanding Attributable to Common Stockholders - Basic and Diluted	4,476,403	3,679,500

SOURCE: ToughBuilt Industries, Inc.