

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands \$)	<u>March 31, 2019</u> <u>(Unaudited)</u>	<u>December 31, 2018</u> <u>(Audited)</u>
<u>Assets</u>		
Cash	\$ 898	\$ 999
Accounts receivable - net	8,996	9,574
Inventories	20,607	20,496
Prepaid expenses and other current assets	<u>1,367</u>	<u>1,137</u>
Total current assets	<u>31,868</u>	<u>32,206</u>
Net property and equipment	9,854	9,775
Goodwill	4,440	4,436
Other intangible assets - net	7,640	7,800
Deferred income taxes - net	651	628
Other assets - net	<u>1,212</u>	<u>741</u>
Total assets	<u>\$ 55,665</u>	<u>\$ 55,586</u>
<u>Liabilities and Shareholders' Equity</u>		
Short-term borrowings	\$ 6,354	\$ 2,096
Accounts payable	2,709	2,755
Accrued compensation and benefits	1,056	2,336
Accrued other liabilities	1,123	1,243
Current maturities of long-term debt	80	453
Other current liabilities	<u>1,296</u>	<u>1,000</u>
Total current liabilities	<u>12,618</u>	<u>9,883</u>
Long-term debt, less current maturities	353	---
Other liabilities	<u>459</u>	<u>168</u>
Total liabilities	<u>13,430</u>	<u>10,051</u>
Total shareholders' equity	<u>42,235</u>	<u>45,535</u>
Total liabilities and shareholders' equity	<u>\$ 55,665</u>	<u>\$ 55,586</u>

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

Three Months Ended March 31,

(In Thousand \$)

2019

2018

Net revenue	\$	14,322	\$	15,742
Cost of sales		<u>9,041</u>		<u>10,314</u>
Gross profit		5,281		5,428
Selling, general and administrative expenses		<u>5,269</u>		<u>5,274</u>
Operating income		12		154
Other expense		---		29
Interest expense		<u>63</u>		<u>37</u>
(Loss) income before income taxes		(51)		88
Income tax (benefit) expense		<u>(25)</u>		<u>23</u>
Net (loss) income	\$	<u>(26)</u>	\$	<u>65</u>

P&F INDUSTRIES INC. AND SUBSIDIARIES

(LOSS) EARNINGS PER SHARE

(UNAUDITED)

Three months ended March 31,

2019

2018

Basic and diluted (loss) earnings per share	\$	<u>(0.01)</u>	\$	<u>0.02</u>
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P & F INDUSTRIES, INC. AND SUBSIDIARIES

NON-GAAP FINANCIAL MEASURE AND RECONCILIATION

COMPUTATION OF (EBITDA) - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AND AMORTIZATION

(UNAUDITED)

(In Thousands \$)

Three Months Ended March 31,

2019

2018

Net (loss) income	\$	(26)	\$	65
Add:				
Depreciation and amortization		561		514
Interest expense		63		37
Tax (benefit) expense for income taxes		<u>(25)</u>		<u>23</u>
EBITDA (1)	\$	<u>573</u>	\$	<u>639</u>

(1) The Company discloses a tabular comparison of EBITDA, which is a non-GAAP measure because it is instrumental in comparing the results from period to period. The Company's management believes that the comparison of EBITDA provides greater insight into the Company's results of operations for the periods presented. EBITDA should not be considered in isolation or as a substitute for operating income as reported on the face of our statement of operations.

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