

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands \$)	<u>June 30, 2019</u> <u>(Unaudited)</u>	<u>December 31, 2018</u> <u>(Audited)</u>
<u>Assets</u>		
Cash	\$ 1,672	\$ 999
Accounts receivable - net	9,583	9,574
Inventories	21,746	20,496
Prepaid expenses and other current assets	<u>1,369</u>	<u>1,137</u>
Total current assets	<u>34,370</u>	<u>32,206</u>
Net property and equipment	8,973	9,775
Goodwill	4,436	4,436
Other intangible assets - net	7,455	7,800
Deferred income taxes - net	265	628
Other assets - net	<u>2,922</u>	<u>741</u>
Total assets	<u>\$ 58,421</u>	<u>\$ 55,586</u>
<u>Liabilities and Shareholders' Equity</u>		
Short-term borrowings	\$ 181	\$ 2,096
Accounts payable	2,902	2,755
Accrued compensation and benefits	1,296	2,336
Accrued other liabilities	3,048	1,243
Current maturities of long-term debt	---	453
Other current liabilities	<u>1,671</u>	<u>1,000</u>
Total current liabilities	<u>9,098</u>	<u>9,883</u>
Other liabilities	<u>1,829</u>	<u>168</u>
Total liabilities	<u>10,927</u>	<u>10,051</u>
Total shareholders' equity	<u>47,494</u>	<u>45,535</u>
Total liabilities and shareholders' equity	<u>\$ 58,421</u>	<u>\$ 55,586</u>

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In Thousand \$)	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net revenue	\$ 14,798	\$ 16,188	\$ 29,120	\$ 31,930
Cost of sales	<u>9,290</u>	<u>10,317</u>	<u>18,331</u>	<u>20,630</u>
Gross profit	5,508	5,871	10,789	11,300
Selling, general and administrative expenses	<u>5,453</u>	<u>5,355</u>	<u>10,722</u>	<u>10,630</u>
Operating income	55	516	67	670
Other expense	---	28	---	57
Gain on sale of property and equipment	7,817	---	7,817	---
Interest expense	<u>68</u>	<u>55</u>	<u>131</u>	<u>92</u>
Income before income taxes	7,804	433	7,753	521
Income tax expense	<u>2,116</u>	<u>128</u>	<u>2,091</u>	<u>151</u>
Net income	\$ <u>5,688</u>	\$ <u>305</u>	\$ <u>5,662</u>	\$ <u>370</u>

P&F INDUSTRIES INC. AND SUBSIDIARIES

EARNINGS PER SHARE (UNAUDITED)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Basic earnings per share	<u>\$ 1.74</u>	<u>\$ 0.08</u>	<u>\$ 1.73</u>	<u>\$ 0.10</u>
Diluted earnings per share	<u>\$ 1.71</u>	<u>\$ 0.08</u>	<u>\$ 1.70</u>	<u>\$ 0.10</u>

P & F INDUSTRIES, INC. AND SUBSIDIARIES

NON-GAAP FINANCIAL MEASURE AND RECONCILIATION

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

(UNAUDITED)

(In Thousands \$)	<u>For the three-month periods ended June 30,</u>		<u>For the six-month periods ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net income	\$ 5,688	\$ 305	\$ 5,662	\$ 370
Add:				
Depreciation and amortization	557	505	1,118	1,019
Interest expense	68	55	131	92
Income tax expense	<u>2,116</u>	<u>128</u>	<u>2,091</u>	<u>151</u>
EBITDA (1)	<u>\$ 8,429</u>	<u>\$ 993</u>	<u>\$ 9,002</u>	<u>\$ 1,632</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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