

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands \$)	<u>December 31, 2018</u> <u>(Unaudited)</u>	<u>December 31, 2017</u> <u>(Unaudited)</u>
<u>Assets</u>		
Cash	\$ 999	\$ 1,241
Accounts receivable - net	9,574	10,047
Inventories	20,496	19,657
Prepaid expenses and other current assets	<u>1,137</u>	<u>1,224</u>
Total current assets	<u>32,206</u>	<u>32,169</u>
Net property and equipment	9,775	8,907
Goodwill	4,436	4,447
Other intangible assets - net	7,800	8,533
Deferred income taxes - net	628	872
Other assets - net	<u>741</u>	<u>110</u>
Total assets	<u>\$ 55,586</u>	<u>\$ 55,038</u>
<u>Liabilities and Shareholders' Equity</u>		
Short-term borrowings	\$ 2,096	\$ 1,928
Accounts payable	2,755	2,443
Accrued compensation and benefits	2,336	1,944
Accrued other liabilities	1,243	1,576
Current maturities of long-term debt	453	---
Contingent consideration payable	<u>1,000</u>	<u>---</u>
Total current liabilities	<u>9,883</u>	<u>7,891</u>
Long-term debt, less current maturities	---	94
Other liabilities	<u>168</u>	<u>1,040</u>
Total liabilities	<u>10,051</u>	<u>9,025</u>
Total shareholders' equity	<u>45,535</u>	<u>46,013</u>
Total liabilities and shareholders' equity	<u>\$ 55,586</u>	<u>\$ 55,038</u>

P & F INDUSTRIES, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF
OPERATIONS (UNAUDITED)**

For the Year Ended December 31,

(In Thousand \$)	<u>2018</u>	<u>2017</u>
Net revenue	\$ 64,995	\$ 58,974
Cost of sales	<u>41,808</u>	<u>37,890</u>
Gross profit	23,187	21,084
Selling, general and administrative expenses	<u>21,705</u>	<u>21,034</u>
Operating income	1,482	50
Other expense, net	(150)	(131)
Interest expense	<u>(223)</u>	<u>(168)</u>
Income (loss) before income taxes	1,109	(249)
Income tax expense	<u>(253)</u>	<u>(635)</u>
Net income (loss)	\$ <u><u>856</u></u>	\$ <u><u>(884)</u></u>

P&F INDUSTRIES INC. AND SUBSIDIARIES

EARNINGS (LOSS) PER SHARE (UNAUDITED)

For the Year Ended December 31,

	<u>2018</u>	<u>2017</u>
Basic earnings (loss) per share	\$ <u>0.24</u>	\$ <u>(0.25)</u>
Diluted earnings (loss) per share	\$ <u><u>0.23</u></u>	\$ <u><u>(0.25)</u></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 Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Net income (loss)	\$ 856	\$ (884)
Add:		
Depreciation and amortization	2,085	2,109
Interest expense	223	168
Income tax expense	<u>253</u>	<u>635</u>
EBITDA (1)	\$ <u><u>3,417</u></u>	\$ <u><u>2,028</u></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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