UNAUDITED ANNUAL REPORT

FOR THE 2019 FISCAL YEAR

ENDED FEBRUARY 28, 2019

Solitron Devices, Inc.

A Delaware Corporation
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As of February 28, 2019, the number of shares outstanding of our Common Stock was: 1,901,959

FORWARD-LOOKING STATEMENTS

Some of the statements in this Annual Report are "forward-looking statements". These forward-looking statements include statements regarding our business, financial condition, results of operations, strategies or prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include those identified below. We do not undertake any obligation to update forward-looking statements, except as required by law.

Some of the factors that may impact our business, financial condition, results of operations, strategies or prospects include:

- The loss of, or reduction of business from, substantial clients could hurt our business by reducing our revenues, profitability and cash flow.
- Our complex manufacturing processes may lower yields and reduce our revenues.
- Our inability to introduce new products could result in decreased revenues and loss of market share to competitors; new technologies could also reduce the demand for our products.
- Our business could be materially and adversely affected if we are unable to obtain qualified supplies of raw materials, parts and finished components on a timely basis and at a cost-effective price.
- We are dependent on government contracts, which are subject to termination, price renegotiations and regulatory compliance, which can increase the cost of doing business and negatively impact our revenues.
- Changes in government policy or economic conditions could negatively impact our results.
- Our inventories may become obsolete and other assets may be subject to risks.
- Environmental regulations could require us to incur significant costs.
- Our business is highly competitive and increased competition could reduce gross profit margins and the value of an investment in our Company.
- Changes in Defense related programs and priorities could reduce the revenues and profitability of our business.
- Our operating results may decrease due to the decline of profitability in the semiconductor industry.
- Uncertainty of current economic conditions, domestically and globally, could continue to affect demand for our products and negatively impact our business.
- Cost reduction efforts may be unsuccessful or insufficient to improve our profitability and may adversely impact productivity.
- We may not achieve the intended effects of our business strategy, including our ability to fulfill orders more rapidly and ship at higher than historic levels, which could adversely impact our business, financial condition and results of operations.
- Our ability to properly account for inventory in the future.
- Our ability to protect the Company's net operating losses and tax benefits.
- A shortage of three-inch silicon wafers could result in lost revenues due to an inability to build our products.
- The nature of our products exposes us to potentially significant product liability risk.
- We depend on the recruitment and retention of qualified personnel and our failure to attract and retain such personnel could seriously harm our business.
- Provisions in our charter documents and rights agreement could make it more difficult to acquire our Company and may reduce the market price of our stock.
- Natural disasters, like hurricanes, or occurrences of other natural disasters whether in the United States or internationally may affect the markets in which our common stock trades, the markets in which we operate and our profitability.
- Failure to protect our proprietary technologies or maintain the right to use certain technologies may negatively affect our ability to compete.
- We cannot guarantee that we will have sufficient capital resources to make necessary investments in manufacturing technology and equipment.
- We may make substantial investments in plant and equipment that may become impaired.
- While we attempt to monitor the credit worthiness of our customers, we may be at risk due to the adverse financial condition of one or more customers.
- Our international operations expose us to material risks, including risks under U.S. export laws.
- Security breaches and other disruptions could compromise the integrity of our information and expose us to liability, which would cause our business and reputation to suffer.
- The price of our common stock has fluctuated widely in the past and may fluctuate widely in the future.

- We cannot guarantee that we will declare future cash dividend payments at rates declared in the past or at all, nor repurchase any shares of our common stock pursuant to our stock repurchase program.
- Compliance with regulations regarding the use of "conflict minerals" could limit the supply and increase the cost of certain metals used in manufacturing our products.
- Our results are unaudited.
- Recent changes in accounting rules could result in a material change to reported results.
- We may be unable to engage an independent auditor to audit our financial statements for future periods.

SOLITRON DEVICES, INC.

BALANCE SHEETS

AS OF FEBRUARY 28, 2019 AND FEBRUARY 28, 2018

(Unaudited, in thousands except for share and per share amounts)

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	394	2,215
Securities	79	378
Accounts receivable	1,829	1,359
Inventories, net	3,958	3,923
Prepaid expenses and other current assets	156	176
TOTAL CURRENT ASSETS	6,416	8,051
Property, Plant and Equipment, Net	517	591
Other Assets	47	143
TOTAL ASSETS	**6,980**	**8,785**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	830	895
Customer deposits	5	35
Accrued expenses and other current liabilities	354	515
TOTAL CURRENT LIABILITIES	1,189	1,445
Other liabilities non-current	-	2
TOTAL LIABILITIES	1,189	1,447
STOCKHOLDERS' EQUITY		
Common stock, $.01 par value, authorized 10,000,000 shares,		
1,901,959 shares outstanding, net of 669,304 treasury shares at February 28, 2019		
1,901,950 shares outstanding, net of 669,284 treasury shares at February 28, 2018	19	19
Additional paid-in capital	1,834	1,834
Retained Earnings	5,699	7,246
Less treasury stock	(1,761)	(1,761)
TOTAL STOCKHOLDERS' EQUITY	5,791	7,338
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**6,980**	**8,785**

The accompanying notes are an integral part of the financial statements.

SOLITRON DEVICES, INC.

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED FEBRUARY 28, 2019 AND FEBRUARY 28, 2018

(Unaudited, in thousands except for share and per share amounts)

	2019	2018
Net Sales	9,378	9,270
Cost of Sales	7,987	6,931
Gross Profit	1,391	2,339
Selling, General and Administrative Expenses	2,842	2,387
Operating Loss	(1,451)	(48)
Other (loss) income		
Interest Income	7	11
Realized gain (loss) on investments	(46)	12
Unrealized gain (loss) on investments	(60)	19
Other, net	4	(5)
Total other (loss) income	(95)	37
Net Loss	(1,546)	(11)
Net Loss Per Share-Basic and diluted	$ (0.81)	$ (0.01)
Net Loss Per Share-Basic and diluted	$ (0.81)	$ (0.01)
Weighted average shares outstanding-Basic	1,901,955	1,901,950
Weighted average shares outstanding-Diluted	1,901,955	1,901,950

The accompanying notes are an integral part of the financial statements.

YEARS ENDED FEBRUARY 28, 2019 and FEBRUARY 28, 2018

(Unaudited, In thousands, except for number of shares)

	Common Stock		Additional			
	Number of Shares	Amount	Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance, February 28, 2017	1,901,950	$ 19	$ 1,834	$ 7,256	$ (1,761)	$ 7,348
Net loss	-	-	-	(11)	-	(11)
Balance, February 28, 2018	1,901,950	$ 19	$ 1,834	$ 7,246	$ (1,761)	$ 7,338
Misc Adjustment	29	-	-	-	-	-
Purchase of Treasury Stock	(20)	-	-	-	-	-
Net loss	-	-	-	(1,546)	-	(1,546)
Balance, February 28, 2019	1,901,959	$ 19	$ 1,834	$ 5,699	$ (1,761)	$ 5,791

The accompanying notes are an integral part of the financial statements.

SOLITRON DEVICES, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED FEBRUARY 28, 2019 AND FEBRUARY 28, 2018

(Unaudited, in thousands)

	2019	**2018**
Net loss	**$ (1,546)**	**$ (11)**
Adjustments to reconcile net loss		
to net cash used in operating activities:		
Depreciation and amortization	215	220
Changes in operating assets and liabilities, net of amounts acquired:		
Accounts receivable	(470)	(691)
Inventories	(35)	(225)
Prepaid expenses and other current assets	20	13
Other assets	96	(103)
Accounts payable	(65)	380
Customer deposits	(30)	(9)
Accrued expenses, other current and non current liabilities	(163)	188
Net cash used in operating activities	**(1,978)**	**(238)**
Investing activities		
Proceeds from sale of securities	299	369
Purchases of property and equipment	(142)	(257)
Net cash provided by investing activities	**157**	**112**
Net cash provided by financing activities	**-**	**-**
Net decrease in cash and cash equivalents	(1,821)	(126)
Cash and cash equivalents - beginning of the year	2,215	2,341
Cash and cash equivalents - end of the year	**$ 394**	**$ 2,215**

The accompanying notes are an integral part of the financial statements.

SOLITRON DEVICES, INC.
NOTES TO FINANCIAL STATEMENTS

1. THE COMPANY AND OPERATIONS

Solitron Devices, Inc., a Delaware corporation (the "Company" or "Solitron"), designs, develops, manufactures, and markets solid-state semiconductor components and related devices primarily for the military and aerospace markets. The Company was incorporated under the laws of the State of New York in 1959 and reincorporated under the laws of the State of Delaware in August 1987.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents
Cash and cash equivalents include demand deposits and money market accounts.

Investment in Securities
Investment in Securities includes investments in common stocks and bonds. Investments in securities are reported at fair value with changes in unrecognized gains or losses included in other income on the income statement.

The following table summarizes the Company's available-for-sale investments:

	February 28, 2019			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Marketable Securities:				
Common Stocks	$ 115	$ -	$ (36)	$ 79
Total Securities	$ 115	$ -	$ (36)	$ 79

	February 29, 2018			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Marketable Securities:				
Common Stocks	$ 354	$ 31	$ (7)	$ 378
Total Securities	$ 354	$ 31	$ (7)	$ 378

At February 28, 2019 and February 28, 2018, the deferred tax liability related to unrecognized gains and losses on short-term investments was $0.

Fair Value of Financial Instruments
Accounting Standards Codification ("ASC") Topic 820, "Fair Value Measurements and Disclosures" defines "fair value" as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also sets forth a valuation hierarchy of the inputs (assumptions that market participants would use in pricing an asset or liability) used to measure fair value. This hierarchy prioritizes the inputs into the following three levels:

Level 1. Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that results in management's best estimate of fair value.

The Company's securities are subject to level 1 fair value measurement.

The carrying amounts of the Company's short-term financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other liabilities approximate their fair value due to the relatively short period to maturity for these instruments.

Accounts Receivable
Accounts receivable consists of unsecured credit extended to the Company's customers in the ordinary course of business. The Company reserves for any amounts deemed to be uncollectible based on past collection experiences and an analysis of outstanding balances using an allowance amount.

Shipping and Handling
Shipping and handling costs billed to customers are recorded in net sales. Shipping costs incurred by the Company are recorded in cost of sales.

Inventories
Inventories (current and long-term) are stated at the lower of cost and net realizable value. Cost is determined using the "first-in, first-out" (FIFO) method. The Company buys raw material only to fill customer orders. Excess raw material is created only when a vendor imposes a minimum quantity buy in excess of actual requirements. Such excess material will usually be utilized to meet the requirements of the customer's subsequent orders. If excess material is not utilized after two fiscal years it is fully reserved. Any inventory item once designated as reserved is carried at zero value in all subsequent valuation activities.

The Company's inventory valuation policy is as follows:

Raw material /Work in process:	All material acquired or processed in the last two fiscal years is valued at the lower of its acquisition cost or net realizable value except for wafers which function under a three- year policy. All material not used after two fiscal years is fully reserved for except wafers which are reserved for after three years. Raw material in excess of five years' usage that cannot be restocked, and slow-moving work in process are reserved for.
Finished goods:	All finished goods with firm orders for later delivery are valued (material and overhead) at the lower of cost or net realizable value. All finished goods with no orders are fully reserved.
Direct labor costs:	Direct labor costs are allocated to finished goods and work in process inventory based on engineering estimates of the amount of man-hours required from the different direct labor departments to bring each device to its particular level of completion. Manufacturing overhead costs are allocated to finished goods and work in process inventory as a ratio to direct labor costs.

Property, Plant, Equipment, and Leasehold Improvements
Property, plant, and equipment is recorded at cost. Major renewals and improvements are capitalized, while maintenance and repairs that do not extend their expected life are expensed as incurred. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements are amortized over the shorter of the lease term or the lives of the related assets:

Leasehold Improvements	10 years
Machinery and Equipment	5 years

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash and account receivables. The Company places its cash with high credit quality institutions. At times, such amounts may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on the accounts. As of February 28, 2019, all non-interest bearing checking accounts were FDIC insured to a limit of $250,000. Deposits in excess of FDIC insured limits were approximately $29,000 at February 28, 2019. With respect to the account receivables, most of the Company's products are custom made pursuant to contracts with customers whose end-products are sold to the United States Government. The Company performs ongoing credit evaluations of its customers' financial condition and maintains allowances for potential credit losses. Actual losses and allowances have historically been within management's expectations.

Revenue Recognition

Revenue is recognized in accordance with the U.S. Securities and Exchange Commission ("SEC") Staff Accounting Bulletin No. 104, *Revenue Recognition*. This pronouncement requires that four basic criteria be met before revenue can be recognized: 1) there is evidence that an arrangement exists; 2) delivery has occurred; 3) the fee is fixed or determinable; and 4) collectability is reasonably assured. We recognize revenue upon determination that all criteria for revenue recognition have been met. The criteria are usually met at the time of product shipment. Shipping terms are generally FCA (Free Carrier) shipping point.

Income Taxes

Income taxes are accounted for under the asset and liability method of ASC 740-10, "Income Taxes". Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740-10, the effect on deferred tax assets and liabilities or a change in tax rate is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced to estimated amounts to be realized by the use of a valuation allowance.

The Company adopted guidance related to accounting for uncertainty in income taxes in accordance with ASC 740-10 and began evaluating tax positions utilizing a two-step process. The first step is to determine whether it is more-likely-than-not that a tax position will be sustained upon examination based on the technical merits of the position. The second step is to measure the benefit to be recorded from tax positions that meet the more-likely-than-not recognition threshold by determining the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement and recognizing that amount in the financial statements. Solitron has adopted ASC 740-10 and no material impact on its financial condition, results of operations, cash flows, or disclosures occurred upon adoption.

On December 22, 2017, President Trump signed into law the legislation generally known as the Tax Cut and Jobs Act of 2017. The tax law includes significant changes to the U.S. corporate tax systems including a rate reduction from 35% to 21% beginning in January of 2018, a change in the treatment of foreign earnings going forward and a deemed repatriation transition tax. In accordance with ASC 740, "Income Taxes", the impact of a change in tax law is recorded in the period of enactment. Refer to Note 6 for additional information on income taxes.

Net Loss Per Common Share

Net loss/income per common share is presented in accordance with ASC 260-10 "Earnings per Share." Basic earnings per common share are computed using the weighted average number of common shares outstanding during the period. Diluted earnings per common share incorporate the incremental shares issuable upon the assumed exercise of stock options to the extent they are not anti-dilutive using the treasury stock method. Due to the losses in both years ended 2019 and 2018 there is no effect from dilution on earnings per share.

Impairment of long-lived assets

Potential impairments of long-lived assets are reviewed annually or when events and circumstances warrant an earlier review. In accordance with ASC Subtopic 360-10, "Property, Plant and Equipment – Overall," impairment is determined when estimated future undiscounted cash flows associated with an asset are less than the asset's carrying value.

Financial Statement Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and the differences could be material. Such estimates include depreciable life of property and equipment, accounts receivable allowance, deferred tax valuation allowance, and allowance for inventory obsolescence.

Stock based compensation

The Company records stock-based compensation in accordance with the provisions of ASC Topic 718, "Compensation-Stock Compensation," which establishes accounting standards for transactions in which an entity exchanges its equity instruments for goods or services. Under ASC Topic 718, the Company recognizes an expense for the fair value of outstanding stock options and grants as they vest, whether held by employees or others. No vesting of stock options occurred during the year ended February 28, 2019 or February 28, 2018.

Recent Accounting Pronouncements

In July 2015, the FASB issued Accounting Standards Update 2015-11, Simplifying the Measurement of Inventory ("ASU 2015-11") which requires that inventory within the scope of this update, including inventory stated at average cost, be measured at the lower of cost and net realizable value. This update is effective for financial statements issued for fiscal years beginning after December 15, 2016. Early application of the ASU is permitted. The adoption of ASU 2015-11 did not impact the Company's financial position for the fiscal year ended February 28, 2019.

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, and the International Accounting Standards Board ("IASB") issued IFRS 15, Revenue from Contracts with Customers.

Jointly issued by the FASB and the IASB, the revenue recognition standard will supersede virtually all existing revenue recognition guidance in US GAAP and IFRS. The intent of the new standard is to replace the existing guidance with a single industry-neutral revenue recognition model that will reduce complexity and increase financial statement comparability across companies and industries. The core principle of the model is to recognize revenue when control of the goods or services transfers to the customer, as opposed to recognizing revenue when the risks and rewards transfer to the customer under the existing revenue guidance. The adoption of ASU 2014-09 on January 1, 2018 did not have a material impact on the financial statements.

On February 25, 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842).* The new guidance establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases, which provides final guidance that requires lessees to put most leases on their balance sheets but recognize expenses on their income statements in a manner similar to today's accounting. The guidance also eliminates today's real estate-specific provisions for all entities. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct financing leases.

For calendar-year public business, the guidance is effective in 2019 and interim periods within that year. For other calendar-year entities, the guidance is effective in 2020, and interim periods in 2021. Early adoption is permitted for all entities. The Company is currently evaluating the impact of the ASU in the Company's financial position, results of operations and cash flows.

3. INVENTORIES

As of February 28, 2019, and February 28, 2018, inventories, net of reserves, consist of the following:

	2019	2018
Raw Materials	$ 1,326,000	$ 1,216,000
Work-In-Process	2,616,000	2,652,000
Finished Goods	16,000	55,000
Totals	$ 3,958,000	$ 3,923,000

4. PROPERTY, PLANT AND EQUIPMENT

As of February 28, 2019, and February 29, 2018, property, plant, and equipment consist of the following:

	2019	2018
Leasehold Improvements	$ 287,000	$ 227,000
Motor Vehicles	70,000	70,000
Computer Equipment	26,000	11,000
Machinery and Equipment	3,804,000	3,738,000
Subtotal	4,187,000	4,046,000
Less: Accumulated Depreciation and Amortization	(3,670,000)	(3,455,000)
Net Property, Plant and Equipment	$ 517,000	$ 591,000

Depreciation and amortization expense was $215,000 and $220,000 for the fiscal years ended February 28, 2019 and February 28, 2018, respectively, and is included in cost of sales in the accompanying statements of operations.

5. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

As of February 28, 2019, and February 29, 2018, accrued expenses and other current liabilities consist of the following:

	2019	2018
Payroll and related employee benefits	$ 339,000	$ 354,000
Legal fees	5,000	128,000
Property taxes	8,000	8,000
Other liabilities	2,000	25,000
Totals	$ 354,000	$ 515,000

6. INCOME TAXES

As of February 28, 2019, the Company estimates it has approximately $12 million of Federal and state net operating loss (“NOL”) carryforwards. Of the Federal NOL carryforwards, $0 expire in 2019 and the remaining balance will expire between 2021 and 2036. Of the state NOL carryforwards, $0 will expire in 2019, and the remaining balance will expire between 2021 and 2036. Such net operating losses are available to offset future taxable income, if any. As the utilization of such net operating losses for tax purposes is not assured, the deferred tax asset has been fully reserved through the recording of a 100% valuation allowance. Should a cumulative change in the ownership of more than 50% occur within a three-year period, there could be an annual limitation on the use of the net operating loss carryforwards.

7. STOCK OPTIONS

The Company currently does not have an existing stock option plan. There are no stock options outstanding and no options have been granted in the last year.

8. EMPLOYEE BENEFIT PLANS

The Company has a 401k and Profit Sharing Plan (the "Profit Sharing Plan") in which substantially all employees may participate after three months of service. Contributions to the Profit Sharing Plan by participants are voluntary. The Profit Sharing Plan allows for matching and discretionary employer contributions. In addition, the Company may make additional contributions at its discretion. The Company did not contribute to the Profit Sharing Plan during the fiscal years ended February 28, 2019 and February 28, 2018.

9. EXPORT SALES AND MAJOR CUSTOMERS

Revenues from domestic and export sales to unaffiliated customers for the year ended February 28, 2019 are as follows:

Geographic Region	Totals
Far East and Middle East	22,000
United States	9,356,000
Totals	$ 9,378,000

Revenues from domestic and export sales are attributed to global geographic regions according to the location of the customer's primary manufacturing or operating facilities.

Sales to the Company's top two customers accounted for 78% of net sales for the year ended February 28, 2019 as compared with 73% of the Company's net sales for the year ended February 28, 2018. Sales to Raytheon Company accounted for approximately 60% of net sales for the year ended February 28, 2019 and 56% for the year ended February 28, 2018. Sales to the second largest customer, USI Electronics, for the years ended February 28, 2019 and February 28, 2018 accounted for 18% and 17% of net sales respectively.

10. MAJOR SUPPLIERS

For the year ended February 28, 2019, purchases from the Company's top supplier, CPS Technologies Corp. accounted for 24% of the Company's total purchases of production materials, and all other suppliers were individually less than 15% of purchases. For the year ended February 28, 2018, purchases from the Company's two top suppliers, Egide USA Inc. and Air Products and Chemicals, accounted for 20% and 11%, respectively, of the Company's total purchases of production materials.

11. COMMITMENTS AND CONTINGENCIES

Operating leases:

On October 1, 2014, the Company extended its current lease with its landlord, CF EB REO II LLC, for the occupancy and use of its 47,000 square foot facility located at 3301 Electronics Way, West Palm Beach, Florida 33407 (the "Lease"). The property subsequently was sold to La Boheme Properties, Inc., a Florida corporation, which is the current landlord as the Lease was assigned to them. The term of the Lease ends on December 31, 2021. The base rent provided in the Lease is $34,451 per month. The Company has the option to extend the term of the Lease for an additional five years beginning on January 1, 2022 and ending on December 31, 2026.

Commencing on January 1, 2016 and on the first day of January of every subsequent year, the base rent will be increased to compensate for changes in the cost of living, provided that in no event will the base rent be increased by less than three percent nor more than five percent annually. Future minimum annual lease payments for this non-cancelable operating lease are as follows:

Fiscal Years Ending February 28/29	Amount
2020	470,000
2021	484,000
2022	415,000
Total	$ 1,369,000

Rent expense for the fiscal years ended February 28, 2019 and February 28, 2018 was approximately $456,000 and $441,000, respectively.

12. STOCKHOLDERS' EQUITY

On May 29, 2015, the Board of Directors authorized a stock repurchase program under which the Company may repurchase up to $500,000 of its outstanding common stock from time to time through February 29, 2016 on the open market or in privately negotiated transactions.

On July 28, 2015, the Company announced that its Board of Directors had expanded the stock repurchase program to cover repurchases of up to $1,000,000 of its outstanding common stock from time to time through February 29, 2016 on the open market or in privately negotiated transactions.

In November 2015, pursuant to the Company's previously authorized stock repurchase program, the Company repurchased 65,027 shares of outstanding common stock at $4.30 per share from a stockholder in a privately negotiated transaction for an aggregate price of approximately $280,000.

On January 15, 2016, the Board of Directors amended the Company's previously authorized stock repurchase program. Under the Company's previously authorized stock repurchase program, the Company was authorized to repurchase up to $1,000,000 of its outstanding common stock from time to time through February 29, 2016 on the open market or in privately negotiated transactions. Under the amended stock repurchase program, the Company may acquire up to $1,000,000 of its outstanding common stock from time to time, increasing the Company's authorization from the $720,000 remaining and eliminating the expiration date of February 29, 2016. Purchases under the amended stock repurchase program may be made through the open market or privately negotiated transactions as determined by the Company's management, and in accordance with the requirements of the Securities and Exchange Commission. The timing and actual number of shares repurchased will depend on variety of factors including price, corporate and regulatory requirements and other conditions.

13. QUARTERLY INFORMATION

BALANCE SHEETS

(in thousands)

	May 31, 2018	August 31, 2018	November 30, 2018	February 29, 2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	973	379	313	394
Securities	478	322	258	79
Accounts receivable	1,287	1,520	1,307	1,829
Inventories, net	4,097	4,179	4,256	3,958
Prepaid expenses and other current assets	188	164	121	156
TOTAL CURRENT ASSETS	7,023	6,564	6,255	6,416

Property, Plant & Equipment, Net	566	603	564	517
OTHER ASSETS	111	49	45	47
TOTAL ASSETS	**7,700**	**7,216**	**6,864**	**6,980**
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	824	850	883	830
Customer deposits	5	5	5	5
Accrued expenses and other	534	404	377	354
TOTAL CURRENT LIABILITIES	1,363	1,259	1,265	1,189
Other accrued liabilities non-current	-	-	-	-
TOTAL LIABILITIES	1,363	1,259	1,265	1,189
STOCKHOLDERS' EQUITY	6,337	5,957	5,599	5,791

CONDENSED STATEMENTS OF OPERATIONS

(Unaudited, in thousands except for share and per share amounts)

	Fiscal first quarter ended	Fiscal second quarter ended	Fiscal third quarter ended	Fiscal fourth quarter ended
	May 31, 2018	August 31, 2018	November 30, 2018	February 28, 2019
Net Sales	1,908	2,334	2,255	2,881
Cost of Sales	1,889	1,890	1,967	2,241
Gross Profit	19	444	288	640
Selling, General & Administrative Expenses	1,013	788	604	437
Operating Income (Loss)	(994)	(344)	(316)	203
Other (loss) income				
Interest Income	4	2	-	1
Realized gain (loss) on investments	2	(9)	(3)	(36)
Unrealized gain (loss) on investments	(17)	(29)	(39)	25
Other, net	4	-	-	-
Total other (loss) income	(7)	(36)	(42)	(10)

Net Income (Loss)	(1,001)	(380)	(358)	193
Net (Loss) Per Share-Basic and diluted	$ (0.53)	$ (0.20)	$ (0.19)	$ 0.10
Net (Loss) Per Share-Basic and diluted	$ (0.53)	$ (0.20)	$ (0.19)	$ 0.10
Weighted average shares outstanding-Basic	1,901,950	1,901,950	1,901,979	1,901,959
Weighted average shares outstanding-Diluted	1,901,950	1,901,950	1,901,979	1,901,959

14. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following table is included solely for use in comparative analysis to complement Management's Discussion and Analysis of Financial Condition and Results of Operations:

	(Dollars in Thousands) Years Ended February 28, 2019	28, 2018
Net Sales	$ 9,378	$ 9,270
Cost of sales	7,987	6,931
Gross profit	1,391	2,339
Selling, general and administrative expenses	2,842	2,387
Operating loss	(1,451)	(48)
Interest and dividend income	7	11
Realized Gain (Loss) on investments	(46)	12
Unrealized Gain (Loss) on investments	(60)	19
Other, net	4	(5)
Net Loss	$ (1,546)	$ (11)

RESULTS OF OPERATIONS

2019 vs. 2018

Net sales for the fiscal year ended February 28, 2019 increased by $108,000 versus the fiscal year ended February 29, 2018.

Net bookings for the fiscal year ended February 28, 2019 were $8,258,000 versus $8,298,000 for the fiscal year ended February 28, 2018. Backlog at the end of the fiscal year ended February 28, 2019 was $6,239,000 versus $7,259,000 for the fiscal year ended February 28, 2018.

During the fiscal year ended February 28, 2019, the Company shipped 114,993 units as compared with 90,365 units shipped during the fiscal year ended February 28, 2018. It should be noted that since the Company manufactures a wide variety of products with an average sales price ranging from less than one dollar to several hundred dollars, such periodic variations in the Company's volume of units shipped might not be a reliable indicator of the Company's performance.

Cost of sales for the fiscal year ended February 28, 2019 increased to $7,987,000 from $6,931,000 for the fiscal year ended February 28, 2018. The Company recognized additional costs of $588,000 for materials, $260,000 of direct labor costs, and $182,000 of indirect labor costs. Expressed as a percentage of sales, cost of sales increased to 85% for the fiscal year ended February 28, 2019 when compared to 75% for the fiscal year ended February 28, 2018.

Gross profit for the fiscal year ended February 28, 2019 decreased to $1,391,000 from $2,339,000 for the fiscal year ended February 28, 2018 due primarily to increased material and labor costs. Expressed as a percentage of sales, gross profit for the fiscal year ended February 28, 2019 decreased to 15% as compared to 25% for the fiscal year ended February 29, 2018.

During the fiscal year ended February 28, 2019, selling, general and administrative expenses, as a percentage of sales, increased to approximately 30% as compared to 26% for the year ended February 29, 2018. In terms of dollars, selling, general and administrative expenses increased by $455,000 to $2,842,000 for the fiscal year ended February 28, 2019 from $2,387,000 for the fiscal year ended February 28, 2018. The increase was primarily due to $1,115,000 of professional and legal fees related to the fiscal 2017 audit and investigation in fiscal 2019 as compared to $198,000 in fiscal 2018.

Operating loss for the fiscal year ended February 28, 2019 was $1,451,000 as compared to an operating loss of $48,000 for the fiscal year ended February 28, 2018. This increase in operating loss was mainly attributable to the increase in costs of goods sold and an increase in selling, general and administrative expenses.

Total other income, which includes, interest and dividend income, realized and unrealized gains or losses on investments, and other income, for the fiscal year ended February 28, 2019 was a loss of $95,000 as compared to income of $37,000 during the fiscal year ended February 28, 2018.

Net loss for the fiscal year ended February 28, 2019 was $1,546,000 as compared to net loss of $11,000 for the fiscal year ended February 28, 2018.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities:
Net cash used in operating activities was $1,978,000 for the year ended February 28, 2019 primarily reflecting a net loss of $1,546,000, an increase in accounts receivable of $470,000, a decrease in accrued expenses and other liabilities of $163,000, and a decrease in accounts payable of $65,000.

Net cash used in operating activities was $238,000 for the year ended February 28, 2018 primarily reflecting a net loss of $11,000, an increase in accounts receivable of $691,000, and an increase in inventory of $225,000 offset by an increase in accounts payable of $380,000 and a $188,000 increase in accrued expenses and other liabilities.

Investing Activities:
Net cash provided by investing activities was $157,000 for the year ended February 28, 2019 principally reflecting $299,000 in proceeds from sale of securities, offset by $142,000 in purchases of property, plant and equipment.

Net cash provided by investing activities was $112,000 for the year ended February 28, 2018 principally reflecting $369,000 in proceeds from sale of securities, offset by $257,000 in purchases of property, plant and equipment.

Financing Activities:
There was no net cash used or provided in financing activities during the years ended February 28, 2019 and February 28, 2018.

The Company expects its sole source of liquidity over the next twelve months to be cash from operations and cash and cash equivalents, if necessary. The Company anticipates that its capital expenditures required to sustain operations will be approximately $300,000 during the next twelve months and will be funded from operations and cash and cash equivalents, if necessary.

At February 28, 2019 and February 28, 2018, the Company had cash and cash equivalents of approximately $394,000 and $2,215,000, respectively. The cash decrease for the year ended February 28, 2019 was primarily due to net loss and changes in operating assets and liabilities.

At February 28, 2019 and February 29, 2018, the Company had investments in securities of approximately $79,000 and $378,000, respectively.

At February 28, 2019, the Company had working capital of $5,227,000 as compared with working capital at February 28, 2018 of $6,606,000. The decrease for the year ended February 28, 2019 was due primarily to loss from operations.

SEASONALITY

The Company's bookings of new orders and sales are largely dependent on congressional budgeting and appropriation activities and the cycles associated therewith. The Company has historically experienced a decreased level of bookings during the summer months as a result of a slowdown in the level of budgeting and appropriation activities.

15. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On January 11, 2019, Solitron Devices, Inc. ("Solitron" or the "Company") notified BDO USA, LLP ("BDO"), that it was terminating BDO as the Company's independent registered public accounting firm. The decision to terminate BDO was approved by Solitron's Audit Committee and approved by Solitron's Board of Directors unanimously.

As previously disclosed on a Form 8-K filed on February 27, 2018 and a Form 8-K/A filed on March 8, 2018, BDO provided Solitron with a letter on February 21, 2018 regarding BDO's determination that it would not stand for reappointment as the Company's independent registered public accounting firm for any period subsequent to the period ended February 28, 2017.

During the fiscal year ended February 28, 2017, and during the period from the end of February 28, 2017 through January 11, 2019, the date Solitron sent its termination letter to BDO, there were (i) two prior disagreements with BDO that were later resolved (the "Resolved Disagreements") and (ii) one disagreement with BDO on a matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement, was not resolved to the satisfaction of BDO, and as a result would have caused BDO to make reference to such disagreement in its reports (the "Unresolved Disagreement").

With respect to the first Resolved Disagreement, Solitron informed BDO that it expected to have an inventory adjustment for the period ended February 28, 2017. This Resolved Disagreement involved a determination of what the proper accounting treatment should be for the fiscal 2017 inventory adjustment. Solitron communicated that it believed the proper treatment under generally accepted accounting principles ("GAAP") was a change in estimate. BDO communicated that it believed the proper treatment was a change in accounting principle and that a restatement was necessary. Solitron's management and Solitron's Audit Committee discussed the subject matter with BDO. Solitron provided BDO with authoritative analysis on December 8, 2017 that the proper treatment was change in estimate to resolve the matter.

With respect to the second Resolved Disagreement, BDO demanded that Solitron conduct a 10A investigation concerning four issues, one of which, was an assertion by BDO regarding "Factors that led to Solitron not properly maintaining historical inventory reserves, including excess and obsolescence..." This Resolved Disagreement involved a determination of whether Solitron had properly maintained historical inventory reserves, including excess and obsolescence. Solitron asserted that it had properly maintained historical inventory reserves and that the related 2017 fiscal year-end adjustment was a change in estimate. BDO communicated that it did not agree with Solitron's assertion. As part of the 10A investigation Solitron retained Marcum LLP to review Solitron's historical inventory accounting. Solitron's management and Solitron's Audit Committee discussed the matter with BDO. Marcum's conclusion was that Solitron's inventory policies were consistent with GAAP. BDO accepted the conclusions of the 10A investigation.

With respect to the Unresolved Disagreement, Solitron has historically classified inventory as a current asset, consistent with industry practice. Subsequent to the conclusion of the 10A investigation regarding Solitron's historical inventory practices, BDO communicated to Solitron that it believes GAAP requires a company to classify inventory as short-term and/or long-term, whereby "all" inventory (irrespective of nature or type) not expected to be consumed within one year must be classified as long-term (non-current). Solitron's review of selected guidance provided by BDO and the Company's research reveals that Financial Accounting Standards Board ("FASB") authoritative guidance has not been provided specifically on inventory classification as current or non-current. BDO has communicated that it believes Solitron has a balance sheet classification error in past financial statements because it classified all inventory as short-term (current), but now BDO asserts a portion of inventory should have been classified as long-term (non-current).

Solitron's management does not agree with BDO's assertion nor believe reclassification of previously reported inventory is necessary. However, in good faith with efforts to assist in having the audit concluded, Solitron's management agreed to reclassify inventory as a change from one accepted accounting principle to another accepted accounting principle, and to reclassify the prior year's financials for comparative purposes. Solitron's treatment was similar to a BDO example provided to Solitron, and which example was for an entity's financial reporting where BDO was the auditor. Solitron's management completed a materiality analysis and concluded that while the change is quantitatively material (i.e., greater than five percent) to certain balance sheet line items, it would not affect the income statement or stockholders' equity and therefore would not be material to investors valuing the company on a book value or income basis. BDO disagreed with Solitron's treatment. BDO used subsequent information (more than thirty months) regarding inventory usage to calculate the amount of inventory to reclassify from Solitron's fiscal 2016 audited financials. BDO did not provide Solitron the audit analysis of the calculation nor any authoritative basis for changing a prior year's audited financials based on such subsequent information. BDO believes the long-term inventory adjustments are material and any material adjustment to previously reported financial statements is a correction of an error requiring the restatement of the previously reported financial statements. BDO did not provide Solitron with a corresponding materiality analysis. Solitron's management and Solitron's Audit Committee discussed the subject matter with BDO.

During the process to audit Solitron's financial statements, Solitron retained Marcum LLP as an outside consultant. Marcum has reviewed Solitron's policies and confirmed that Solitron's policies are consistent with ("GAAP").

On February 1, 2019 Solitron Devices, Inc. filed an amended 8-K which included BDO's response to our January 17, 2019 8-K. The letter and filing can be found at

https://www.sec.gov/Archives/edgar/data/91668/000165495419000972/0001654954-19-000972-index.htm

On February 15, 2019 Solitron Devices, Inc. filed its response to BDO's letter. The response can be found at

https://www.sec.gov/Archives/edgar/data/91668/000165495419001660/0001654954-19-001660-index.htm

16. EXECUTIVE COMPENSATION, CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Summary Compensation Table

The following table provides certain summary information concerning compensation paid by the Company, to or on behalf of the following named executive officers for the fiscal years ended February 28, 2019 and February 28, 2018.

Name and Principal Position	Year	Salary ($)	Bonus ($)	All Other Compensation ($)	Total ($)
Tim Eriksen	2019	72,000	-	-	72,000
CEO and Interim CFO	2018	72,000	-	-	72,000
Mark W. Matson	2019	160,000	-	36,774 (1)	206,556
President and COO	2018	160,000	-	27,048 (1)	196,541

(1) Represents Life, Disability and Medical Insurance premiums, allocation of company owned vehicle based on depreciation and operating costs, plus $700 per month for use of corporate housing which is also used by part time personnel and Mr. Eriksen when he is in town, and cell phone. For the years ended February 28, 2018 and February 28, 2019, Life, Disability and Medical Insurance premiums were $6,470 and 6,352; vehicle expenses were $13,493 and $20,537; and housing allocation was $5,600 and $8,400, respectively.

Director Compensation

The following table sets forth information regarding the compensation of our directors for the years ended February 28, 2019 and February 28, 2018.

Name (1)	2019	2018
Dwight P. Aubrey (2)	$ 24,000	$ 27,000
John F. Chiste (2)	26,000	35,000
Charles Gillman (Contrarian Advisors)	20,000	20,000
David W. Pointer (VI Capital Management)	36,000	36,000
Tim Eriksen (3)	-	-

(1) As of February 28, 2019, the current directors do not hold any stock options.
(2) Messrs. Aubrey and Chiste were paid a bonus of $3,000 and $9,000 respectively in fiscal 2018 as additional compensation in recognition of the significant additional work performed as members of the Board of Directors and Board Committees and the additional duties, contributions and services provided by these directors.
(3) Mr. Eriksen does not receive any additional compensation as a director.

For the fiscal years ended February 28, 2019, and February 28, 2018 each director who is not employed by the Company receives $4,500 per quarter and the Chairman receives $9,000 per quarter. The Chairman of the Audit Committee receives $2,000 per quarter, the Compensation Committee Chairman receives $1,500 per quarter and the Nominating Committee Chairman receives $500 per quarter. Payments for each quarter are paid in advance. All out-of-pocket expenses incurred by a director for attending Board or committee meetings are reimbursed by the Company.

In addition, annually each director who is not employed by the Company may receive additional cash or equity awards for their services on the Board. For fiscal year 2018, Mr. Aubrey received $3,000 and Mr. Chiste $9,000 in additional cash compensation other than the director meeting fees.

Certain Relationships and Related Transactions

The Company currently purchases and has purchased in the past die and wafers, as specified by the Company's customers, from ES Components the company that Mr. Aubrey serves as President. For the fiscal year ended February 28, 2019, the Company purchased $206,879 of die from ES Components. For the fiscal year ended February 28, 2018, the Company purchased $221,524 of die from ES Components. The Company has included these expenses in cost of goods sold in the accompanying statement of operations. The Company also occasionally makes sales to ES Components. For the fiscal year ended February 28, 2019 sales were $7,680. For the fiscal year ended February 28, 2018 sales were $10,560.

Director Independence

The Board of Directors is currently composed of the following five directors: Messrs. Aubrey, Chiste, Eriksen, Gillman and Pointer. The Board has determined that Messrs. Aubrey, Chiste, Gillman and Pointer all meet the criteria for independence specified in the Nasdaq Stock Market Marketplace Rules (the "Nasdaq Rules").

Legal/Disciplinary History

Below is a summary of a consent order from the State of Washington Department of Financial Institutions, Securities Division that one of our directors was subject to and an SEC administrative order that one of our directors was subject to.

V.I. Capital Management, LLC ("V.I. Capital") and Chairman of the Board David W. Pointer are subject to a consent order (the "Consent Order") from the State of Washington Department of Financial Institutions, Securities Division, dated March 12, 2018 (Order Number S-16-2093-17-CO01), relating to alleged breaches of their fiduciary duty as investment advisors to their clients, including (i) failure to disclose certain conflict of interest stemming from Mr.

Pointer's service on the Boards of Directors of CompuMed and Solitron Devices, Inc., (ii) pledging V.I. Capital investment fund assets as collateral for a line of credit for CompuMed, Inc. and failing to disclose such pledge to V.I. Capital's year-end auditor, and (iii) failure to timely distribute audited financial statements and a final fund audit to investors. As conditions of the Consent Order, V.I. Capital and Mr. Pointer agreed to (i) cease and desist from violating the Securities Act of 1933, (ii) pay a fine of $10,000 and (iii) pay costs of $2,500. Mr. Pointer also agreed that he will not be a principal, officer or owner of an investment adviser or broker-dealer for 10 years following the entry of the Consent Order, but he may apply for a securities salesperson or investment adviser representative registration with an acceptable plan of supervision.

Company director Charles M. Gillman is subject to an SEC administrative order, dated February 14, 2017 (Securities Exchange Act Release No. 80038), relating to alleged violations of Section 13(d) of the Exchange Act and the rules promulgated thereunder, including failing to disclose the members of a stockholder group, and further allegations that he violated Section 16(a) of the Exchange Act and the rules promulgated thereunder, including failing to timely file initial statements of beneficial ownership on Form 3 and changes thereto on Form 4. Without admitting or denying any violations, Mr. Gillman agreed to cease and desist from committing or causing any violations of (i) Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 promulgated thereunder and (ii) Section 16(a) of the Exchange Act and Rules 16a-2 and 16a-3 promulgated thereunder, and paid a civil penalty to the SEC in the amount of $30,000.

Other than as described above, our directors and executive officers have not been convicted or named in a pending criminal proceeding (excluding traffic and other minor offenses), or subject to any judgment, order or legal proceeding of the nature described in Item 401(f) of Regulation S-K.

17. BENEFICIAL OWNERSHIP

Name and Address	Number of Shares Beneficially Owned(1)	Percentage of Outstanding Shares(1)
Tim Eriksen (CEO, Interim CFO)	174,322(2)	9.2%
Mark Matson (COO)	14,604	*
Dwight P. Aubrey (Director)	-	-
John F. Chiste (Director)	-	-
Charles Gillman (Director)	-	-
David W. Pointer (Director, Chairman)	67,054 (3)	3.5%
All Executive Officers and Directors as a Group (6 persons)	256,980	13.5%
Olesen Value Fund L.P. 60 W. Broad Street, Suite 304 Bethlehem, Pennsylvania 18018	281,190(4)	14.8%
John Stayduhar 3597 Birdie Dr. Lake Worth, Florida 33467	185,000(5)	9.7%
Eriksen Capital Management LLC 567 Wildrose Circle Lynden, Washington 98264	164,322(6)	8.6%

Wynden Capital Management, LLC 455 E. Paces Ferry Rd., Suite 344 Atlanta, Georgia 30305	130,710[(7)]	6.9%

* Less than 1%

(1) Based on 1,901,959 shares of our common stock outstanding as of February 28, 2019. For purposes of this table, beneficial ownership is computed pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended ("Act"); the inclusion of shares beneficially owned should not be construed as an admission that such shares are beneficially owned for purposes of Section 16 of such Act.

(2) Represents 139,322 shares of common stock owned by Cedar Creek Partners LLC, an investment partnership, for which Eriksen Capital Management LLC ("ECM") is the Managing Member, 25,000 shares of common stock owned by managed accounts of ECM, and 10,000 shares of common stock owned solely by Tim Eriksen. The respective owners of the managed accounts are responsible to vote the shares of common stock. By virtue of ECM's investment advisory agreement with the clients of ECM, Mr. Eriksen may be deemed to beneficially own the shares owned by Cedar Creek Partners and the managed accounts.

(3) These shares of common stock are owned by V.I. Capital Fund, LP, for which Mr. Pointer is the managing partner of V.I. Capital Fund LP and the founder and managing partner of V.I. Capital Management, LLC, the general partners of V.I. Capital Fund, LP. Mr. Pointer disclaims beneficial ownership of the reported securities except to the extent of his pecuniary interest therein.

(4) This information is based solely on the Form 5 filed on April 11, 2019 filed jointly by Olesen Value Fund L.P. ("OVF"), Olesen Value Fund GP LLC, Olesen Capital Management LLC and Mr. Christian Olesen. OVF is a private investment partnership existing under the laws of the State of Delaware. Olesen Capital Management LLC is the General Partner and Investment Advisor to OVF. Mr. Christian Olesen is the Managing Member of OVF and has the sole power to vote and dispose of the 281,190 shares of common stock. Each of the joint filers disclaims beneficial ownership of the shares of common stock except to the extent of each of their pecuniary interest therein.

(5) This information is based solely on the Form 4 filed with the Securities and Exchange Commission on July 29, 2016.

(6) Mr. Eriksen is the Managing Member of Eriksen Capital Management LLC, an investment adviser, which is the managing member of Cedar Creek Partners, LLC, a private investment partnership and investment adviser to separately managed accounts. By virtue of ECM's investment advisory agreement with the clients of ECM, Mr. Eriksen may be deemed to beneficially own the shares of common stock owned by Cedar Creek Partners and the managed accounts. Cedar Creek Partners, LLC owns 139,322 of the shares of common stock and investment clients of Eriksen Capital Management own 25,000 of the shares of common stock. The respective owners of the managed accounts are responsible to vote the shares of common stock.

(7) This information is based solely on the Schedule 13D filed on July 23, 2015. Wynden Capital Management, LLC ("Wynden") has sole voting power over 118,830 shares of common stock and sole dispositive power over 130,710 shares of common stock. The common stock reported in the Schedule 13D has been purchased and held for investment purposes on behalf of client accounts over which Wynden has sole discretionary investment power.

18. PRINCIPAL ACCOUNTING FEES AND SERVICES

Auditor Fees and Services

The following table sets forth the fees billed during fiscal 2019 and fiscal 2018 by BDO USA, LLP ("BDO")/Goldstein Schechter Koch, P.A. ("GSK"), our independent certified public accountants through January 11, 2019, in relation to the years ended February 28, 2017 and February 29, 2016, respectively. On August 16, 2016, the practice of GSK was combined with BDO. As a result of the transaction, GSK resigned as Solitron's independent registered public accounting firm and Solitron's Board of Directors appointed BDO as the new independent registered public accounting firm.

		2019			2018	
Audit Fees	$	394,000	(1)	$	170,000	(1)
Audit-Related Fees		455,000	(2)		106,000	(2)
Tax Fees		8,000	(3)		15,000	(3)
All Other Fees		8,000	(4)		5,000	(4)
Totals	$	865,000		$	296,000	

(1) Represents audit fees billed by BDO during fiscal 2019 and fiscal 2018 respectively in connection with the audit for the fiscal year ended February 28, 2017 and quarterly reviews.

(2) Represents audit-related fees billed by Marcum in connection with the investigation demanded by BDO and subsequent consultation related to the audit for the fiscal year ended February 28, 2017.

(3) Represents tax fees billed by Kaufman, Rosin & Co in fiscal year 2019 for fiscal year 2018, and tax fees billed by BDO in fiscal year 2018 for fiscal year 2017.

(4) Represents all other fees (including cash disbursements and other expenses) billed by BDO in connection with the audit for the fiscal year ended February 28, 2017.

Pre-Approval Policies and Procedures for Audit and Permitted Non-Audit Services

The Audit Committee has a policy of considering and, if deemed appropriate, approving, on a case by case basis, any audit or permitted non-audit service proposed to be performed by the Company's principal accountant in advance of the performance of such service. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has not implemented a policy or procedure which delegates the authority to approve, or pre-approve, audit or permitted non-audit services to be performed by the Company's principal accountant. In connection with making any pre-approval decision, the Audit Committee considered whether the provision of such permitted non-audit services performed by the Company's principal accountant was consistent with maintaining the Company's principal accountant's status as our independent auditors through January 11, 2019, the date the Company terminated BDO as its independent auditors.

Consistent with these policies and procedures, the Audit Committee approved all of the services rendered by BDO, Kaufman, Rosin & Co and Marcum LLP for the years ended February 28, 2019 and February 28, 2018, respectively as described above.

19. SUBSEQUENT EVENTS

There are no subsequent events to report. Management has evaluated the subsequent events through May 11, 2019, the date the financial statements were issued.