

REFINITIV

DELTA REPORT

10-Q

SWAG - STRAN & COMPANY, INC.

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 870

CHANGES 293

DELETIONS 187

ADDITIONS 390

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: **June 30, 2023** **September 30, 2023**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-41038

STRAN & COMPANY, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation)

04-3297200

(I.R.S. Employer
Identification No.)

2 Heritage Drive, Suite 600, Quincy, MA

(Address of principal executive offices)

02171

(Zip Code)

800-833-3309

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	SWAG	The NASDAQ Stock Market LLC
Warrants, each warrant exercisable for one share of Common Stock at an exercise price of \$4.81375	SWAGW	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Non-accelerated filer ☐

Accelerated filer ☐
Smaller reporting company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐

As of August 14, 2023 November 6, 2023, there were 18,420,264 18,573,091 shares of the registrant's common stock outstanding.

STRAN & COMPANY, INC.

Quarterly Report on Form 10-Q

Period Ended June 30, 2023

September 30, 2023

TABLE OF CONTENTS

PART I

FINANCIAL INFORMATION

Item 1.	Financial Statements	1
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	22 23
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	40 42
Item 4.	Controls and Procedures	40 42

PART II

OTHER INFORMATION

Item 1.	Legal Proceedings	41 43
Item 1A.	Risk Factors	41 43
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	41 43
Item 3.	Defaults Upon Senior Securities	41 43
Item 4.	Mine Safety Disclosures	41 43
Item 5.	Other Information	41 44
Item 6.	Exhibits	42 44

PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

STRAN & COMPANY, INC.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Balance Sheets as of June 30, 2023 September 30, 2023 (unaudited) and December 31, 2022	2
Statements of Earnings (Loss) and Retained Earnings for the Three and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022 (unaudited)	3
Statements of Stockholders' Equity for the Three and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022 (unaudited)	4
Statements of Cash Flows for the Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022 (unaudited)	5
Notes to Financial Statements (unaudited)	7

STRAN & COMPANY, INC.
BALANCE SHEETS

	June 30, 2023 (unaudited)	December 31, 2022	September 30, 2023 (unaudited)	December 31, 2022
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash	\$ 15,271,199	\$ 15,253,756		
Cash & Cash Equivalents			\$ 9,435,090	\$ 15,253,756
Investments	10,277,690	9,779,355	10,257,675	9,779,355
Accounts Receivable, Net	13,958,984	14,442,626	16,530,027	14,442,626
Deferred Income Taxes	1,542,000	841,000	1,334,000	841,000
Inventory	5,820,887	6,867,564	6,903,305	6,867,564
Prepaid Corporate Taxes	87,459	87,459	87,459	87,459
Prepaid Expenses	695,711	386,884	796,018	386,884
Deposits	1,976,439	910,486	2,886,051	910,486
	49,630,369	48,569,130	48,229,625	48,569,130
PROPERTY AND EQUIPMENT, NET:	1,294,568	1,000,090	1,413,870	1,000,090
OTHER ASSETS:				
Intangible Assets - Customer Lists, Net	10,711,939	6,272,205	10,313,107	6,272,205
Right of Use Asset - Office Leases	1,470,140	784,683	1,344,160	784,683
	12,182,079	7,056,888	11,657,267	7,056,888
	<u>\$ 63,107,016</u>	<u>\$ 56,626,108</u>	<u>\$ 61,300,762</u>	<u>\$ 56,626,108</u>
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>				
CURRENT LIABILITIES:				
Current Portion of Contingent Earn-Out Liabilities	\$ 3,186,825	\$ 1,809,874	\$ 3,083,215	\$ 1,809,874
Current Portion of Lease Liability	676,036	324,594	460,464	324,594
Accounts Payable and Accrued Expenses	3,012,379	4,051,657	4,858,590	4,051,657
Accrued Payroll and Related	997,008	608,589	1,224,071	608,589
Unearned Revenue	2,290,639	633,148	4,268,990	633,148
Rewards Program Liability	8,875,000	6,000,000	2,750,000	6,000,000
Sales Tax Payable	291,438	365,303	278,945	365,303
Note Payable - Wildman	162,358	162,358	-	162,358
	19,491,683	13,955,523	16,924,275	13,955,523
LONG-TERM LIABILITIES:				
Long-Term Contingent Earn-Out Liabilities	4,883,265	2,845,944	4,883,265	2,845,944
Long-Term Lease Liability	762,946	460,089	858,214	460,089
	5,646,211	3,306,033	5,741,479	3,306,033
STOCKHOLDERS' EQUITY:				
Common Stock, \$.0001 Par Value; 300,000,000 Shares Authorized, 18,540,834 and 18,475,521 Shares Issued and Outstanding as of June 30, 2023 and December 31, 2022, respectively	1,855	1,848		

Common Stock, \$.0001 Par Value; 300,000,000 Shares Authorized, 18,521,332 and 18,475,521 Shares Issued and Outstanding as of September 30, 2023 and December 31, 2022, respectively			1,853	1,848
Additional Paid-In Capital	38,416,582	38,279,151	38,397,861	38,279,151
Retained Earnings	(449,315)	1,083,553	235,294	1,083,553
	<u>37,969,122</u>	<u>39,364,552</u>	<u>38,635,008</u>	<u>39,364,552</u>
	<u>\$ 63,107,016</u>	<u>\$ 56,626,108</u>	<u>\$ 61,300,762</u>	<u>\$ 56,626,108</u>

The accompanying notes are an integral part of these unaudited financial statements.

STRAN & COMPANY, INC.
STATEMENTS OF EARNINGS (LOSS) AND RETAINED EARNINGS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(UNAUDITED)

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
SALES	\$ 19,303,335	\$ 13,576,072	\$ 52,549,688	\$ 40,642,559
COST OF SALES:				
Purchases	11,603,364	8,388,856	32,437,178	25,843,023
Freight	1,328,603	939,865	3,970,268	3,573,830
	<u>12,931,967</u>	<u>9,328,721</u>	<u>36,407,446</u>	<u>29,416,853</u>
GROSS PROFIT	6,371,368	4,247,351	16,142,242	11,225,706
OPERATING EXPENSES:				
General and Administrative Expenses	5,939,694	4,896,386	18,369,963	13,152,774
	<u>5,939,694</u>	<u>4,896,386</u>	<u>18,369,963</u>	<u>13,152,774</u>
EARNINGS (LOSS) FROM OPERATIONS	431,674	(649,035)	(2,227,721)	(1,927,068)
OTHER INCOME AND (EXPENSE):				
Other Income	242,009	20,471	313,738	92,124
Interest Income (Expense)	183,156	(2,881)	467,415	(9,023)
Unrealized Gain (Loss) on Investments	35,770	(231,214)	134,352	(231,214)
	<u>460,935</u>	<u>(213,624)</u>	<u>915,505</u>	<u>(148,113)</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	892,609	(862,659)	(1,312,216)	(2,075,181)
PROVISION FOR INCOME TAXES	208,000	(174,507)	(463,957)	(393,772)
NET EARNINGS (LOSS)	684,609	(688,152)	(848,259)	(1,681,409)
NET EARNINGS (LOSS) PER COMMON SHARE				
Basic and Diluted	\$ 0.04	\$ (0.03)	\$ (0.05)	\$ (0.09)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING				
Basic and Diluted	18,515,206	19,702,136	18,515,206	19,702,136

The accompanying notes are an integral part of these unaudited financial statements.

STRAN & COMPANY, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(UNAUDITED)

	Common Stock		Additional	Retained	Total
	Shares	Value	Paid in Capital	Earnings	Stockholders Equity
Balance, January 1, 2022	19,753,852	\$ 1,976	\$ 39,747,649	\$ 1,861,994	\$ 41,611,619
IPO Warrants Exercised	271,589	27	1,307,335	-	1,307,362
Asset Acquisition	46,083	5	99,995	-	100,000
Stock-Based Compensation	56,264	6	118,686	-	118,692
Net Earnings (Loss)	-	-	-	(545,814)	(545,814)
Balance, March 31, 2022	20,127,788	2,014	41,273,665	1,316,180	42,591,859
Stock-Based Compensation	11,542	1	48,290	-	48,291
Stock Repurchase Program	(1,000,000)	(100)	(1,993,410)	-	(1,993,510)
Net Earnings (Loss)	-	-	-	(447,443)	(447,443)
Balance, June 30, 2022	19,139,330	\$ 1,915	\$ 39,328,545	\$ 868,737	\$ 40,199,197
Asset Acquisition	54,642	5	99,995	-	100,000
Stock-Based Compensation	10,893	1	45,384	-	45,385
Stock Repurchase Program	(667,545)	(67)	(1,182,338)	-	(1,182,405)
Net Earnings (Loss)	-	-	-	(688,152)	(688,152)
Balance, September 30, 2022	18,537,320	\$ 1,854	\$ 38,291,586	\$ 180,585	\$ 38,474,025
Balance, January 1, 2023	18,475,521	\$ 1,848	\$ 38,279,151	\$ 1,083,553	\$ 39,364,552
Stock-Based Compensation	7,813	1	27,382	-	27,383
Net Earnings (Loss)	-	-	-	(694,538)	(694,538)
Balance, March 31, 2023	18,483,334	1,849	38,306,533	389,015	38,697,397
Stock-Based Compensation	57,500	6	110,049	-	110,055
Net Earnings (Loss)	-	-	-	(838,330)	(838,330)
Balance, June 30, 2023	18,540,834	\$ 1,855	\$ 38,416,582	\$ (449,315)	\$ 37,969,122
Stock-Based Compensation	-	-	5,580	-	5,580
Stock Repurchase Program	(19,502)	(2)	(24,301)	-	(24,303)
Net Earnings (Loss)	-	-	-	684,609	684,609
Balance, September 30, 2023	18,521,332	\$ 1,853	\$ 38,397,861	\$ 235,294	\$ 38,635,008

The accompanying notes are an integral part of these unaudited financial statements.

STRAN & COMPANY, INC.
STATEMENTS OF EARNINGS (LOSS) AND RETAINED EARNINGS CASH FLOWS
THREE AND SIX NINE MONTHS ENDED JUNE SEPTEMBER 30, 2023 AND 2022
(UNAUDITED)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
SALES	\$ 17,470,106	\$ 14,806,904	\$ 33,246,353	\$ 27,066,487
COST OF SALES:				
Purchases	10,810,268	9,497,551	20,833,814	17,454,167
Freight	1,582,917	1,549,163	2,641,665	2,633,965
	<u>12,393,185</u>	<u>11,046,714</u>	<u>23,475,479</u>	<u>20,088,132</u>
GROSS PROFIT	5,076,921	3,760,190	9,770,874	6,978,355
OPERATING EXPENSES:				
General and Administrative Expenses	<u>6,351,174</u>	<u>4,232,170</u>	<u>12,430,269</u>	<u>8,256,388</u>
	6,351,174	4,232,170	12,430,269	8,256,388
EARNINGS (LOSS) FROM OPERATIONS	(1,274,253)	(471,980)	(2,659,395)	(1,278,033)
OTHER INCOME AND (EXPENSE):				
Other Income (Expense)	15,092	(23,781)	71,729	(27,461)
Interest Income (Expense)	146,177	6,108	284,259	92,972
Unrealized Gain (Loss) on Investments	<u>(33,303)</u>	<u>-</u>	<u>98,582</u>	<u>-</u>
	<u>127,966</u>	<u>(17,673)</u>	<u>454,570</u>	<u>65,511</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	(1,146,287)	(489,653)	(2,204,825)	(1,212,522)
PROVISION FOR INCOME TAXES	(307,957)	(42,210)	(671,957)	(219,265)
NET EARNINGS (LOSS)	(838,330)	(447,443)	(1,532,868)	(993,257)
NET EARNINGS (LOSS) PER COMMON SHARE				
Basic and Diluted	\$ (0.05)	\$ (0.02)	\$ (0.08)	\$ (0.03)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING				
Basic and Diluted	18,540,834	19,971,552	18,540,834	19,971,552

The accompanying notes are an integral part of these unaudited financial statements.

STRAN & COMPANY, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(UNAUDITED)

	Common Stock		Additional	Retained	Total
	Shares	Value	Paid in	Earnings	Stockholders
			Capital		Equity
Balance, January 1, 2022	19,753,852	\$ 1,976	\$ 39,747,649	\$ 1,861,994	\$ 41,611,619
IPO Warrants Exercised	271,589	27	1,307,335	-	1,307,362
Asset Acquisition	46,083	5	99,995	-	100,000
Stock-Based Compensation	56,264	6	118,686	-	118,692
Net Earnings (Loss)	-	-	-	(545,814)	(545,814)
Balance, March 31, 2022	20,127,788	2,014	41,273,665	1,316,180	42,591,859
Stock-Based Compensation	11,542	1	48,290	-	48,291
Stock Repurchase Program	(1,000,000)	(100)	(1,993,510)	-	(1,993,610)
Net Earnings (Loss)	-	-	-	(447,443)	(447,443)
Balance, June 30, 2022	19,139,330	\$ 1,915	\$ 39,328,445	\$ 868,737	\$ 40,199,097
Balance, January 1, 2023	18,475,521	\$ 1,848	\$ 38,279,151	\$ 1,083,553	\$ 39,364,552
Stock-Based Compensation	7,813	1	27,382	-	27,383
Net Earnings (Loss)	-	-	-	(694,538)	(694,538)
Balance, March 31, 2023	18,483,334	1,849	38,306,533	389,015	38,697,397
Stock-Based Compensation	57,500	6	110,049	-	110,055
Net Earnings (Loss)	-	-	-	(838,330)	(838,330)
Balance, June 30, 2023	18,540,834	\$ 1,855	\$ 38,416,582	\$ (449,315)	\$ 37,969,122

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Earnings (Loss)	\$ (848,259)	\$ (1,681,409)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Deferred Income Taxes (Credit)	(493,000)	(432,800)
Depreciation and Amortization	1,039,320	496,827
Debt Forgiveness	(162,358)	-
Intangible Asset Impairment, Net	(142,149)	(66,785)
Stock-Based Compensation	143,018	212,368
Unrealized Gain on Investments	(134,352)	231,214
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	(2,087,401)	(1,314,252)
Inventory	(35,741)	(1,887,586)
Prepaid Expenses	(409,134)	(13,772)
Deposits	(1,975,565)	281,079
Accounts Payable and Accrued Expenses	806,933	(2,136,562)
Accrued Payroll and Related	615,482	(143,289)
Unearned Revenue	3,635,842	(152,250)
Rewards Program Liability	(3,250,000)	(43,878)
Sales Tax Payable	(86,358)	114,333
	(3,383,722)	(6,536,762)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Asset Acquisition, Net of Cash Acquired	(660,340)	(449,857)
Additions to Property and Equipment	(794,486)	(350,108)
Purchase of Investments	(369,452)	(9,929,617)

	(1,824,278)	(10,729,582)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt Reduction:		
Contingent Earn-Out Liabilities	(586,363)	(525,109)
Stock Repurchase	(24,303)	(3,175,915)
Proceeds from Warrants Exercised	-	1,037,362
	(610,666)	(2,663,662)
NET INCREASE (DECREASE) IN CASH	(5,818,666)	(19,930,006)
CASH - BEGINNING	15,253,756	32,226,668
CASH - ENDING	\$ 9,435,090	\$ 12,296,662

The accompanying notes are an integral part of these unaudited financial statements.

STRAN & COMPANY, INC.
STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(UNAUDITED)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Earnings (Loss)	\$ (1,532,868)	\$ (993,257)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Deferred Income Taxes (Credit)	(701,000)	(273,700)
Depreciation and Amortization	654,038	309,482
Intangible Asset Impairment, Net	(67,712)	(46,561)
Stock-Based Compensation	110,049	166,983
Unrealized Gain on Investments	(98,582)	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	483,642	(2,354,665)
Inventory	1,046,677	(727,349)
Prepaid Expenses	(308,827)	(10,807)
Deposits	(1,065,953)	(4,097)
Accounts Payable and Accrued Expenses	(1,039,278)	(3,195,114)
Accrued Payroll and Related	388,419	(56,930)
Unearned Revenue	1,657,491	904,537
Rewards Program Liability	2,875,000	3,875,000
Sales Tax Payable	(73,865)	164,637
	<u>2,327,231</u>	<u>(2,241,841)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Asset Acquisition, Net of Cash Acquired	(741,109)	(540,290)
Additions to Property and Equipment	(578,792)	(189,543)
Purchase of Investments	(403,524)	-
	<u>(1,723,425)</u>	<u>(729,833)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt Reduction:		
Contingent Earn-Out Liabilities	(586,363)	(366,840)
Stock Repurchase	-	(1,993,610)
Proceeds from Warrants Exercised	-	1,307,362
	<u>(586,363)</u>	<u>(1,053,088)</u>
NET INCREASE (DECREASE) IN CASH	17,443	(4,024,762)
CASH - BEGINNING	15,253,756	32,226,668
CASH - ENDING	<u>\$ 15,271,199</u>	<u>\$ 28,201,906</u>

The accompanying notes are an integral part of these unaudited financial statements.

STRAN & COMPANY, INC.
STATEMENTS OF CASH FLOWS
SIX NINE MONTHS ENDED JUNE SEPTEMBER 30, 2023 AND 2022
(UNAUDITED)
(CONTINUED)

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	2023	2022	2023	2022
Cash Paid During The Period For:				
Interest	\$ -	\$ 3,731	\$ -	\$ 4,747
Income Taxes	\$ 29,043	\$ 76,073	\$ 29,043	\$ 85,163
Non-Cash G.A.P. Promotions LLC Asset Acquisition	\$ -	\$ 1,735,000		
Schedule of Noncash Investing and Financing Transactions:				
Cost of Property and Equipment			\$ -	\$ 364,552
Equipment Acquired in Asset Acquisition			-	(14,444)
Cash Used for Purchase of Property and Equipment			\$ -	\$ 350,108
Non-Cash T R Miller Co., Inc. Asset Acquisition	\$ 4,551,095	\$ -		
Non-Cash G.A.P. Promotions Asset Acquisition			\$ -	\$ 1,735,000
Non-Cash Trend Brand Solutions Asset Acquisition			\$ -	\$ 1,470,344
Non-Cash T R Miller Asset Acquisition			\$ 4,551,095	\$ -
Reduction in Contingent Earnout Liabilities	\$ 550,460	\$ 70,406	\$ 654,069	\$ 70,406
Reduction in Intangible Asset Associated With Contingent Earnout Liabilities	(550,460)	(70,406)	(654,069)	(70,406)
	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these unaudited financial statements.

STRAN & COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. Organization - Stran & Company, Inc., (the "Company") was incorporated under the laws of the Commonwealth of Massachusetts and commenced operations on November 17, 1995. The Company re-incorporated under the laws of the State of Nevada on May 24, 2021.
2. Operations - The Company is an outsourced marketing solutions provider that sells branded products to customers. The Company purchases products and branding through various third-party manufacturers and decorators and resells the finished goods to customers.

In addition to selling branded products, the Company offers clients custom sourcing capabilities; a flexible and customizable e-commerce solution for promoting branded merchandise and other promotional products, managing promotional loyalty and incentives, print collateral, and event assets, order and inventory management, and designing and hosting online retail popup shops, fixed public retail online stores, and online business-to-business service offerings; creative and merchandising services; warehousing/fulfillment and distribution; print-on-demand; kitting; point of sale displays; and loyalty and incentive programs.

3. Method of Accounting - The Company's financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. ("U.S. GAAP").
4. Emerging Growth Company - The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, of 1933, as amended (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and approval of any golden parachute payments not previously approved. Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934 (the "Exchange Act")) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's unaudited consolidated financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.
5. Cash and Cash Equivalents - For purposes of the statement of cash flows, the Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
6. Fair Value Measurements and Fair Value of Financial Instruments - The carrying value of certain financial instruments, including cash, investments, accounts receivable, accounts payable and accrued expenses, and contingent earnout liabilities are carried at historical cost basis, which approximates their fair values because of the nature of these instruments.

The Company analyzes all financial instruments with features of both liabilities and equity under the Financial Accounting Standard Board's (the "FASB") accounting standard for such instruments. Under this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company did not identify any assets or liabilities that are required to be presented on the balance sheet at fair value in accordance with the FASB Accounting Standards Codification ("ASC") Topic 820.

ASC 825-10 "Financial Instruments", allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding instruments.

7. Investments - Our investments consist of U.S. treasury bills, corporate bonds, mutual funds, and money market funds. We classify our investments as available-for-sale and record these investments at fair value. Investments with an original maturity of greater than three months at the date of purchase and less than one year from the date of the balance sheet are classified as current and those with maturities of more than one year from the date of the balance sheet are classified as long-term in the balance sheet.
8. Concentration of Credit Risk - Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable and deposits in excess of federally insured limits. These risks are managed by performing ongoing credit evaluations of customers' financial condition and by maintaining all deposits in high quality financial institutions.
9. Inventory - Inventory consists of finished goods (branded products) and goods in process (un-branded products awaiting decoration). All inventory is stated at the lower of cost (first-in, first-out method) or market value.
10. Property and Equipment - Property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred whereas major betterments are capitalized. Depreciation is provided using straight-line and accelerated methods over five years.
11. Intangible Asset - Customer List - The Company accounts for intangible assets under the provision of ASC 350-20 "Accounting for Goodwill and Other Intangible Assets." The provision establishes standards for valuation and amortization of unidentifiable assets.

Under ASC 350-20-35-1, the cost of unidentifiable intangible assets is measured by the excess cost over the fair value of net assets acquired. Intangible assets with indefinite useful lives shall not be amortized until its useful life is determined to be no longer infinite. The intangible assets are evaluated when a triggering event occurs, at least annually, for potential impairment.

12. Revenue Recognition - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), which is aimed at creating common revenue recognition guidance for GAAP and the International Financial Reporting Standards ("IFRS"). This new guidance provides a comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue guidance issued by the FASB. ASU 2014-09 also requires both qualitative and quantitative disclosures, including descriptions of performance obligations.

On January 1, 2019, the Company adopted ASU 2014-09 and all related amendments ("ASC 606") and applied its provisions to all uncompleted contracts using the modified retrospective basis. The application of this new revenue recognition standard resulted in no adjustment to the opening balance of retained earnings.

Performance Obligations - Revenue from contracts with customers is recognized when, or as, the Company satisfies its performance obligations by transferring goods or services to customers. A good or service is transferred to a customer when, or as, the customer obtains control of that good or service. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that the company determines the customer has obtained control over the promised good or service. The amount of revenue recognized reflects the consideration of which the Company expects to be entitled in exchange for the promised goods or services.

The following provides detailed information on the recognition of the Company's revenue from contracts with customers:

Product Sales - The Company is engaged in the development and sale of promotional programs and products. Revenue on the sale of these products is recognized after orders are shipped.

Reward Card Program - The Company facilitates a reward card program for a customer and receives a transaction fee when the customer issues or replenishes a new reward card. Revenue is recognized when cards are issued or replenished.

All performance obligations are satisfied at a point in time.

13. Freight - The Company includes freight charges as a component of cost of goods sold.
14. Uncertainty in Income and Other Taxes - The Company adopted the standards for Accounting for Uncertainty in Income Taxes (income, sales, use, and payroll), which required the Company to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of **June 30, 2023** **September 30, 2023** and 2022, the Company determined that it had no tax positions that did not meet the "more likely than not" threshold of being sustained by the applicable tax authority. The Company files tax and information returns in the United States Federal, Massachusetts, and other state jurisdictions. These returns are generally subject to examination by tax authorities for the last three years.
15. Income Taxes - Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are provided for differences between the basis of assets and liabilities for financial statements and income tax purposes. The Company has historically utilized accelerated tax depreciation to minimize federal income taxes.
16. Earnings/ Loss per Share - Basic earnings per share ("EPS") is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted EPS is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential shares of common stock outstanding during the period using the treasury stock method. Dilutive potential common shares include the issuance of potential shares of common stock for outstanding stock options and warrants.
17. Stock-Based Compensation - The Company accounts for its stock-based awards in accordance with FASB ASC 718, Compensation - Stock Compensation. ASC 718 requires all stock-based payments to employees to be recognized in the consolidated statements of operations based on their fair values. The Company uses the Black-Scholes option pricing model to determine the fair value of options granted. The Company is recognizing compensation costs only for those stock-based awards expected to vest after considering expected forfeitures. Cumulative compensation expense is at least equal to the compensation expense for vested awards. Stock-based compensation is recognized on a straight-line basis over the service period of each award. The Company records compensation cost as an element of general and administrative expense in the accompanying statements of operations.

18. Stock Option and Warrant Valuation - Stock option and warrant valuation models require the input of highly subjective assumptions. The fair value of stock-based payment awards was estimated using the Black-Scholes option model with a volatility figure derived from an index of historical stock prices for comparable entities. For warrants and stock options issued to non-employees, the Company accounts for the expected life based on the contractual life of the warrants and stock options. For employees, the Company accounts for the expected life of options in accordance with the "simplified" method, which is used for "plain-vanilla" options, as defined in the accounting standards codification. The risk-free interest rate was determined from the implied yields of U.S. Treasury zero-coupon bonds with a remaining life consistent with the expected term of the options.
19. Sales Tax - Sales tax collected from customers is recorded as a liability, pending remittance to the taxing jurisdiction. Consequently, sales taxes have been excluded from revenues and costs. The Company remits sales, use, and GST taxes to Massachusetts, other state jurisdictions, and Canada, respectively.
20. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
21. Recent Accounting Pronouncements - Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on its financial statements.
22. Subsequent Events - Management has evaluated events occurring after the balance sheet date through August 14, 2023 November 6, 2023, the date in which the financial statements were available to be issued.

B. **INVESTMENTS:**

The Company's investments consisted of the following as of June 30, 2023 September 30, 2023:

	Cost	Unrealized Gain (Loss)	Fair Value	Cost	Unrealized Gain (Loss)	Fair Value
Money Market Fund	\$ 76,646	\$ -	\$ 76,646	\$ 513,724	\$ -	\$ 513,724
Corporate Bonds	4,553,498	(138,810)	4,414,688	4,158,523	(141,333)	4,017,190
Mutual Funds	740,188	2,032	742,220	740,188	9,823	750,011
US Treasury Bills	5,051,133	(6,997)	5,044,136	5,028,228	(51,478)	4,976,750
	<u>\$ 10,421,465</u>	<u>\$ (143,775)</u>	<u>\$ 10,277,690</u>	<u>\$ 10,440,663</u>	<u>\$ (182,988)</u>	<u>\$ 10,257,675</u>

The Company's investments consisted of the following as of December 31, 2022:

	Cost	Unrealized Gain (Loss)	Fair Value
Money Market Fund	\$ 487,324	\$ -	\$ 487,324
Corporate Bonds	4,540,067	(136,273)	4,403,794
Mutual Funds	-	-	-
US Treasury Bills	4,931,084	(42,847)	4,888,237
	<u>\$ 9,958,475</u>	<u>\$ (179,120)</u>	<u>\$ 9,779,355</u>

C. **FAIR VALUE MEASUREMENTS:**

We measure certain financial assets and liabilities at fair value. Fair value is determined based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as determined by either the principal market or the most advantageous market. Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy, as follows:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability.

We consider an active market to be one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis, and we consider an inactive market to be one in which there are infrequent or few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers.

As of June 30, 2023 September 30, 2023 and December 31, 2022, all investments are classified as level 1.

D. **ALLOWANCE FOR DOUBTFUL ACCOUNTS, NET:**

The Company uses the allowance method to account for uncollectible accounts receivable balances. Under the allowance method, an estimate of uncollectible customer balances is made based on the Company's prior history and other factors such as credit quality of the customer and economic conditions of the market. Based on these factors, at June 30, 2023 September 30, 2023 and December 31, 2022, there was an allowance for doubtful accounts of \$263,907 \$249,965 and \$264,160, respectively.

E. **INVENTORY:**

Inventory consists of the following as of:

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Finished Goods (branded products)	\$ 5,474,007	\$ 6,557,040	\$ 6,240,606	\$ 6,557,040
Goods in Process (un-branded products)	346,880	310,524	662,699	310,524
	<u>\$ 5,820,887</u>	<u>\$ 6,867,564</u>	<u>\$ 6,903,305</u>	<u>\$ 6,867,564</u>

F. **PROPERTY AND EQUIPMENT:**

Property and Equipment consists of the following as of:

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Leasehold Improvements	\$ 5,664	\$ 5,664	\$ 5,664	\$ 5,664
Office Furniture and Equipment	536,172	501,395	549,465	501,395
Software	2,069,391	1,525,376	2,271,792	1,525,376
Transportation Equipment	62,424	62,424	62,424	62,424
	<u>2,673,651</u>	<u>2,094,859</u>	<u>2,889,345</u>	<u>2,094,859</u>
Accumulated Depreciation	<u>(1,379,083)</u>	<u>(1,094,769)</u>	<u>(1,475,475)</u>	<u>(1,094,769)</u>
	<u>\$ 1,294,568</u>	<u>\$ 1,000,090</u>	<u>\$ 1,413,870</u>	<u>\$ 1,000,090</u>

G. **INTANGIBLE ASSET - CUSTOMER LISTS:**

Wildman Acquisition

The Company has acquired select assets and the customer list of an entity as discussed in Note J and Note N. The Company, using a Contingent Earn-Out Calculation, made the determination that the amounts allocated to Intangible Asset - Customer List amounted to \$2,253,690. The intangible asset - customer list is amortized over 10 years. At June 30, 2023, September 30, 2023 and December 31, 2022, the Company's evaluation of Intangible Asset - Customer List has resulted in accumulated impairment of \$381,371, \$484,981 and \$299,912, respectively.

Amortization expense related to intangible asset - customer list was \$96,777, \$143,586 and \$106,110, \$158,952 for the six nine months ended June 30, 2023, September 30, 2023 and 2022.

Estimated future amortization expense for the years:

2023	\$ 187,232	\$ 176,871
2024	187,232	176,871
2025	187,232	176,871
2026	187,232	176,871
2027	187,232	176,871
	<u>\$ 936,160</u>	<u>\$ 884,355</u>

G.A.P. Acquisition

The Company has acquired select assets and the customer list of an entity as discussed in Note J and Note N. The Company, using a Contingent Earn-Out Calculation, made the determination that the amounts allocated to Intangible Asset - Customer List amounted to \$2,275,290. The

intangible asset - customer list is amortized over 10 years. At **June 30, 2023** **September 30, 2023** and December 31, 2022, the Company's evaluation of Intangible Asset - Customer List has resulted in accumulated impairment of \$469,000 and zero, respectively.

Amortization expense related to intangible asset - customer lists was \$139,379 and \$151,686 for the nine months ended September 30, 2023 and 2022, respectively.

Amortization expense related to intangible asset - customer lists was \$94,222 and \$94,804 for the six months ended June 30, 2023 and 2022, respectively.

Estimated future amortization expense for the years:

2023	\$	180,629
2024		180,629
2025		180,629
2026		180,629
2027		180,629
	\$	<u>903,145</u>

Trend Acquisition

The Company has acquired select assets and the customer list of an entity as discussed in Note J and Note N. The Company, using a Contingent Earn-Out Calculation, made the determination that the amounts allocated to Intangible Asset - Customer List amounted to \$1,659,831. The intangible asset - customer list is amortized over 10 years. At June 30, 2023 September 30, 2023 and December 31, 2022, the Company's evaluation of Intangible Asset - Customer List has resulted in accumulated impairment of zero.

Amortization expense related to intangible asset - customer lists was \$82,992 \$124,487 and zero \$13,832 for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

Estimated future amortization expense for the years:

2023	\$	165,983
2024		165,983
2025		165,983
2026		165,983
2027		165,983
	\$	<u>829,916</u>

Premier Acquisition

The Company has acquired select assets and the customer list of an entity as discussed in Note J and Note N. The Company, using a Contingent Earn-Out Calculation, made the determination that the amounts allocated to Intangible Asset - Customer List amounted to \$1,032,600. The intangible asset - customer list is amortized over 10 years. At June 30, 2023 September 30, 2023 and December 31, 2022, the Company's evaluation of Intangible Asset - Customer List has resulted in accumulated impairment of zero.

Amortization expense related to intangible asset - customer lists was \$51,630 \$77,445 and zero for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

Estimated future amortization expense for the years:

2023	\$	103,260
2024		103,260
2025		103,260
2026		103,260
2027		103,260
	\$	<u>516,300</u>

T R Miller Acquisition

The Company has acquired select assets and the customer list of an entity as discussed in Note J and Note N. The Company, using a Contingent Earn-Out Calculation, made the determination that the amounts allocated to Intangible Asset - Customer List amounted to \$5,292,205 after post-closing adjustments of \$258,890, \$339,660. The intangible asset - customer list is amortized over 10 years. At June 30, 2023 September 30, 2023 and December 31, 2022, the Company's evaluation of Intangible Asset - Customer List has resulted in accumulated impairment of zero.

Amortization expense related to intangible asset - customer lists was \$44,102 \$173,715 and zero for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

Estimated future amortization expense for the years:

2023	\$ 529,221	\$ 521,144
2024	529,221	521,144
2025	529,221	521,144
2026	529,221	521,144
2027	529,221	521,144
	<u>\$ 2,646,105</u>	<u>\$ 2,605,720</u>

H. **ACCOUNTS PAYABLE AND ACCRUED EXPENSES:**

Accounts payable and accrued expenses as of June 30, 2023 September 30, 2023 and December 31, 2022 consisted of the following:

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Cost of Sales - Purchases	\$ 2,409,903	\$ 3,571,942	\$ 4,064,327	\$ 3,571,942
Other Payables and Accrued Expenses	602,476	479,715	794,263	479,715
	<u>\$ 3,012,379</u>	<u>\$ 4,051,657</u>	<u>\$ 4,858,590</u>	<u>\$ 4,051,657</u>

I. **NOTE PAYABLE - LINE OF CREDIT:**

The Company has a \$7,000,000 line of credit with Salem Five Cents Savings Bank at June 30, 2023 September 30, 2023 and December 31, 2022, borrowings on this line of credit amounted to zero. The line bears interest at prime rate plus .5% per annum. At June 30, 2023 September 30, 2023 and December 31, 2022, the interest rate was 8.75% 9.00% and 8.00%, respectively. The line is reviewed annually and is due on demand. This line of credit is secured by substantially all assets of the Company.

J. **CONTINGENT EARN-OUT LIABILITIES:**

Wildman Acquisition

In connection with the asset acquisition, as discussed in Note N, the customer list was purchased using a Contingent Earn-Out Calculation. The purchase price is equal to fifteen percent (15%) of the gross profit earned from the sale of product to the customer list for years 1 and thirty percent (30%) for years 2 and 3. Payments are due on the first anniversary date of the purchase and then quarterly thereafter. At June 30, 2023 September 30, 2023 and December 31, 2022, the current portion of the earn-out liability amounted to \$255,051 \$151,441 and \$742,874, respectively. At June 30, 2023 September 30, 2023 and December 31, 2022, the long-term portion of the earn-out liability amounted to zero. zero.

G.A.P. Acquisition

In connection with the asset acquisition, as discussed in Note N, the customer list was purchased using a Contingent Earn-Out Calculation. The purchase price is equal to seventy percent (70%) of the gross profit over \$1,500,000 earned from the sale of product to the customer list for years 1 and 2 in addition to fixed payments of \$180,000 and \$300,000 for years 1 and 2, respectively. Payments are due on the anniversary date of the purchase. At June 30, 2023 September 30, 2023 and December 31, 2022, the current portion of the earn-out liability amounted to \$986,000 and \$649,000, respectively. At June 30, 2023 September 30, 2023 and December 31, 2022, the long-term portion of the earn-out liability amounted to zero and \$986,000, respectively.

Trend Acquisition

In connection with the asset acquisition, as discussed in Note N, the customer list was purchased using a Contingent Earn-Out Calculation. The purchase price is equal to forty percent (40%) of the gross profit over \$800,000 earned from the sale of product to the customer list for years 1 through 4 in addition to fixed payments of \$37,500 for years 1 and 2 and \$25,000 for years 3 and 4, respectively. Payments are due on the anniversary date of the purchase. At June 30, 2023 September 30, 2023 and December 31, 2022, the current portion of the earn-out liability amounted to \$420,500 and \$155,000, respectively. At June 30, 2023 September 30, 2023 and December 31, 2022, the long-term portion of the earn-out liability amounted to \$949,844 and \$1,214,844, respectively.

Premier Acquisition

In connection with the asset acquisition, as discussed in Note N, the customer list was purchased using a Contingent Earn-Out Calculation. The purchase price is equal to forty-five percent (45%) of the gross profit over \$350,000 earned from the sale of product to the customer list for years 1 through 3 in addition to fixed payments of \$60,000 for year 1, \$40,000 for year 2, and \$30,000 for year 3. Payments are due on the anniversary date of the purchase. At June 30, 2023 September 30, 2023 and December 31, 2022, the current portion of the earn-out liability amounted to \$262,500. At June 30, 2023 September 30, 2023 and December 31, 2022, the long-term portion of the earn-out liability amounted to \$645,100.

T R Miller Acquisition

In connection with the asset acquisition, as discussed in Note N, the customer list was purchased using a Contingent Earn-Out Calculation. The purchase price is equal to forty-five percent (45%) of the gross profit over \$4,000,000 earned from the sale of product to the customer list for years 1 through 4 in addition to a fixed payments of \$400,000 for year 1, \$300,000 for year 2, and \$200,000 for years 3 and 4. Payments are due on the anniversary date of the purchase. At June 30, 2023 September 30, 2023 and December 31, 2022, the current portion of the earn-out liability amounted to \$1,262,774 and zero, respectively. At June 30, 2023 September 30, 2023 and December 31, 2022, the long-term portion of the earn-out liability amounted to \$3,288,321 and zero, respectively.

K. UNEARNED REVENUE:

Unearned revenue includes customer deposits and deferred revenue which represent prepayments from customers. At June 30, 2023 September 30, 2023 and December 31, 2022, the Company had unearned revenue totaling \$2,290,639 \$4,268,990 and \$633,148, respectively.

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Balance at January 1,	\$ 633,148	\$ 721,608	\$ 633,148	\$ 721,608
Revenue Recognized	(33,246,353)	(58,953,467)	(52,549,688)	(58,953,467)
Amounts Collected or Invoiced	34,903,844	58,865,007	56,185,530	58,865,007
Unearned Revenue	\$ 2,290,639	\$ 633,148	\$ 4,268,990	\$ 633,148

L. REWARD CARD PROGRAM LIABILITY:

The Company manages reward card programs for customers. Under this program, the Company receives cash and simultaneously records a liability for the total amount received. These accounts are adjusted on a periodic basis as reward cards are funded or reduced at the direction of the customers. At June 30, 2023 September 30, 2023 and December 31, 2022, the company had deposits totaling \$8,875,000 \$2,750,000 and \$6,000,000, respectively.

M. NOTE PAYABLE - WILDMAN:

In connection with the asset acquisition as discussed in Note N, the Company had an amount due to the seller of \$162,358 for the inventory purchased. This amount accrues no interest, and is to be paid "as used" on a quarterly basis through the three years earn-out period as discussed in Note J. At June 30, 2023 September 30, 2023 and December 31, 2022, the note totaled \$162,358. The Company anticipates that the note will be paid in full in 2023, accordingly the note payable has been classified as current on the balance sheet as of June 30, 2023. \$0 and \$162,358, respectively.

N. **AQUISITIONS:**

Wildman Acquisition

On September 26, 2020, the Company closed on an asset purchase agreement to acquire inventory, fixed assets, and a customer list from Wildman Business Group, LLC (WBG). In accordance with Financial Accounting Standards Board ("FASB" ASC 805), "Business Combinations", the acquisition method of accounting is used and recognition of the assets acquired is at fair value as of the acquisition dates. All acquisition costs are expensed as incurred. The consideration paid has been allocated to the assets acquired based on their estimated fair values at the acquisition date. The estimate of fair values for tangible assets acquired were agreed to by both buyer and seller. The aggregate purchase price was \$2,937,222.

Fair Value of Identifiable Assets Acquired:	
Inventory	\$ 649,433
Property and Equipment	34,099
Intangible - Customer List	2,253,690
	<u>\$ 2,937,222</u>
Consideration Paid:	
Cash	\$ 521,174
Note Payable - Wildman	162,358
Contingent Earn-Out Liability	2,253,690
	<u>\$ 2,937,222</u>
Fair Value of Identifiable Assets Acquired:	
Inventory	\$ 649,433
Property and Equipment	34,099
Intangible - Customer List	2,253,690
	<u>\$ 2,937,222</u>
Consideration Paid:	
Cash	\$ 521,174
Note Payable - Wildman	162,358
Contingent Earn-Out Liability	2,253,690
	<u>\$ 2,937,222</u>

G.A.P. Acquisition

On January 31, 2022, the Company closed on an asset purchase agreement to acquire inventory, working capital, and a customer list from G.A.P. Promotions LLC (G.A.P.). In accordance with Financial Accounting Standards Board ("FASB" ASC 805), "Business Combinations", the acquisition method of accounting is used and recognition of the assets acquired is at fair value as of the acquisition dates. All acquisition costs are expensed as incurred. The consideration paid has been allocated to the assets acquired based on their estimated fair values at the acquisition date. The estimate of fair values for tangible assets acquired were agreed to by both buyer and seller. The aggregate purchase price was \$3,245,872.

Fair Value of Identifiable Assets Acquired:	
Inventory	\$ 91,096
Working Capital	879,486
Intangible - Customer List	2,275,290
	<u>\$ 3,245,872</u>
Consideration Paid:	
Cash	\$ 1,510,872
Restricted Stock	100,000
Contingent Earn-Out Liability	1,635,000
	<u></u>

	<u>\$ 3,245,872</u>
Fair Value of Identifiable Assets Acquired:	
Inventory	\$ 91,096
Working Capital	879,486
Intangible - Customer List	2,275,290
	<u>\$ 3,245,872</u>
Consideration Paid:	
Cash	\$ 1,510,872
Restricted Stock	100,000
Contingent Earn-Out Liability	1,635,000
	<u>\$ 3,245,872</u>

Trend Acquisition

On August 31, 2022, the Company closed on an asset purchase agreement to acquire cash, accounts receivable, inventory, fixed assets, and a customer list from Trend Promotional Marketing Corporation (Trend). In accordance with Financial Accounting Standards Board ("FASB" ASC 805), "Business Combinations", the acquisition method of accounting is used and recognition of the assets acquired is at fair value as of the acquisition dates. All acquisition costs are expensed as incurred. The consideration paid has been allocated to the assets acquired based on their estimated fair values at the acquisition date. The estimate of fair values for tangible assets acquired were agreed to by both buyer and seller. The aggregate purchase price was \$2,193,166.

Fair Value of Identifiable Assets Acquired:	
Cash	\$ 63,624
Accounts Receivable	346,822
Inventory	108,445
Fixed Assets	14,444
Intangible - Customer List	1,659,831
	<u>\$ 2,193,166</u>
Consideration Paid:	
Cash	\$ 1,488
Assumption of Liabilities	721,334
Restricted Stock	100,000
Contingent Earn-Out Liability	1,370,344
	<u>\$ 2,193,166</u>

Fair Value of Identifiable Assets Acquired:

Cash	\$ 63,624
Accounts Receivable	346,822
Inventory	108,445
Fixed Assets	14,444
Intangible - Customer List	1,659,831
	<u>\$ 2,193,166</u>
Consideration Paid:	
Cash	\$ 1,488
Assumption of Liabilities	721,334
Restricted Stock	100,000
Contingent Earn-Out Liability	1,370,344
	<u>\$ 2,193,166</u>

Premier Acquisition

On December 20, 2022, the Company closed on an asset purchase agreement to acquire cash, accounts receivable, and a customer list from Premier Business Services (Premier). In accordance with Financial Accounting Standards Board ("FASB" ASC 805), "Business Combinations", the acquisition method of accounting is used and recognition of the assets acquired is at fair value as of the acquisition dates. All acquisition costs are expensed as incurred. The consideration paid has been allocated to the assets acquired based on their estimated fair values at the acquisition date. The estimate of fair values for tangible assets acquired were agreed to by both buyer and seller. The aggregate purchase price was \$1,390,533.

Fair Value of Identifiable Assets Acquired:

Cash	\$ 13,855
Accounts Receivable	344,078
Intangible - Customer List	1,032,600
	<u>\$ 1,390,533</u>
Consideration Paid:	
Cash	\$ 440,025
Assumption of Liabilities	17,908
Restricted Stock	25,000
Contingent Earn-Out Liability	907,600
	<u>\$ 1,390,533</u>

Fair Value of Identifiable Assets Acquired:

Cash	\$ 13,855
Accounts Receivable	344,078
Intangible - Customer List	1,032,600
	<u>\$ 1,390,533</u>
Consideration Paid:	
Cash	\$ 440,025
Assumption of Liabilities	17,908
Restricted Stock	25,000
Contingent Earn-Out Liability	907,600
	<u>\$ 1,390,533</u>

T R Miller Acquisition

On June 1, 2023, the Company closed on an asset purchase agreement to acquire working capital, fixed assets, and a customer list from T R Miller Co., Inc. (T R Miller). In accordance with Financial Accounting Standards Board ("FASB" ASC 805), "Business Combinations", the acquisition method of accounting is used and recognition of the assets acquired is at fair value as of the acquisition dates. All acquisition costs are expensed as incurred. The consideration paid has been allocated to the assets acquired based on their estimated fair values at the acquisition date. The estimate of fair values for tangible assets acquired were agreed to by both buyer and seller. The aggregate purchase price was \$6,674,167.

Fair Value of Identifiable Assets Acquired:	
Working Capital, Net	\$ 1,123,072
Intangible - Customer List	5,551,095
	<u>\$ 6,674,167</u>
Consideration Paid:	
Cash	\$ 2,123,072
Contingent Earn-Out Liability	4,551,095
	<u>\$ 6,674,167</u>
Fair Value of Identifiable Assets Acquired:	
Working Capital, Net	\$ 1,462,732
Intangible - Customer List	5,211,435
	<u>\$ 6,674,167</u>
Consideration Paid:	
Cash	\$ 2,123,072
Contingent Earn-Out Liability	4,551,095
	<u>\$ 6,674,167</u>

O. **LEASE OBLIGATIONS:**

The following is a summary of the Company's right of use assets and lease liabilities as of:

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Operating Leases				
Right-Of-Use Assets	\$ 1,470,140	\$ 784,683	\$ 1,344,160	\$ 784,683
Lease Liability:				
Right-Of-Use Asset - Office Leases - Current	676,036	324,594	460,464	324,594
Right-Of-Use Asset - Office Leases - Non-Current	762,946	460,089	858,214	460,089
	<u>\$ 1,438,981</u>	<u>\$ 784,683</u>	<u>\$ 1,318,678</u>	<u>\$ 784,683</u>

Rent expense for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 totaled **\$220,712** **\$383,190** and **\$221,901**, **\$333,072**, respectively.

The following is a schedule by years of future minimum lease payments:

2024	\$	501,393	\$	504,630
2025		482,074		399,245
2026		187,115		188,359
2027		190,854		192,126
2028		161,960		97,176
	\$	1,523,396	\$	1,381,536

As of **June 30, 2023** **September 30, 2023**, the Company's operating leases had a weighted average remaining lease term of **2.5** **1.75** years and a weighted average discount rate of 4%.

P. **STOCKHOLDERS EQUITY:**

Common Stock

In accordance with the Company's Articles of Incorporation dated May 24 2021, the Company is authorized to issue 300,000,000 shares of \$0.0001 par value common stock, of which **18,540,834** **18,521,332** and **19,139,330** **18,537,320** shares were issued and outstanding at **June 30, 2023** **September 30, 2023** and 2022, respectively. Common stockholders are entitled to one vote per share and are entitled to receive dividends when, as and if declared by the Board of Directors.

Initial Public Offering

On November 12, 2021, the Company consummated its Initial Public Offering (the IPO) of 4,987,951 Units at a price of \$4.15 per Unit, generating gross proceeds of \$20,699,996, with each Unit consisting of one share of common stock, \$0.0001 par value, and one redeemable publicly-traded warrant. IPO proceeds were recorded net of offering costs of \$2,755,344. Offering costs consisted principally of underwriting, legal, accounting and other expenses that are directly related to the IPO.

Each redeemable publicly-traded warrant entitles the holder to purchase one share of common stock, at a price of \$4.81375 per share as of **June 30, 2023** **September 30, 2023**, which will expire five years from issuance.

Simultaneously with the consummation of the closing of the IPO, the Company issued the underwriters a total of 149,639 warrants that are exercisable beginning six months after the date of the IPO at an exercise price of \$5.19 with a five-year expiration term.

As of **June 30, 2023** **September 30, 2023** and 2022, warrant holders exercised 659,456 warrants. As of **June 30, 2023** **September 30, 2023** and 2022, there were 4,478,134 warrants outstanding.

Private Placement

On December 10, 2021, the Company consummated the sale of 4,371,926 shares of common stock at a price of \$4.97 per share in a private placement (the PIPE), generating gross proceeds of \$21,278,472, with each investor also receiving a warrant to purchase up to a number of shares of common stock equal to 125% of the number of shares of common stock purchased by such investor in the private placement, or a total of 5,464,903 shares, at an exercise price of \$4.97 per share. PIPE proceeds were recorded net of offering costs of \$1,499,858. Offering costs consisted principally of placement agent, legal, accounting and other expenses that are directly related to the PIPE.

Each warrant entitles the holder to purchase up to 125% of the number of shares of common stock purchased by such investor in the private placement, or a total of 5,464,903 shares which will expire five years from issuance. The warrants have certain downward pricing adjustment mechanisms, including with respect to any subsequent equity sale that is deemed a dilutive issuance, in which case the warrants will be subject to a floor price of \$4.80 per share before shareholder approval is obtained, and after shareholder approval is obtained, such floor price will be reduced to \$1.00 per share, as set forth in the warrants. On December 10, 2021, the holders of shares of common stock entitled to vote approximately 65.4% of the Company's outstanding voting stock on December 10, 2021 approved the Company's entry into the private placement. The Company filed preliminary and definitive information statements on Schedule 14C with the SEC on December 29, 2021 and January 11, 2022, respectively, and delivered copies of the definitive information statement to shareholders January 12, 2022. On January 31, 2022, the stockholders' consent became effective pursuant to Rule 14c-2 under the Exchange Act. As a result, the exercise price of the private placement warrants may be reduced to as low as \$1.00 per share if their downward-pricing adjustment mechanisms become applicable.

Simultaneously with the consummation of the closing of the PIPE, the Company issued the placement agent a total of 131,158 warrants that are exercisable beginning six months from the date of the PIPE at an exercise price of \$4.97 with a five-year expiration term.

As of **June 30, 2023** **September 30, 2023** and 2022 warrant holders have exercised zero warrants. As of **June 30, 2023** **September 30, 2023** and 2022, there were 5,596,061 warrants outstanding.

Stock Purchase Warrants

Stock purchase warrants issued with the IPO and the PIPE are accounted for as equity in accordance with ASC 480, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock, Distinguishing Liabilities from Equity*.

The following table reflects all outstanding and exercisable warrants at **June 30, 2023** **September 30, 2023** and 2022:

	Numbers of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)	Numbers of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
	Outstanding			Outstanding		
Balance January 1, 2022	10,345,784	\$ 4.90	5	10,345,784	\$ 4.90	5
Warrants Issued	-	-	-	-	-	-
Warrants Exercised	(271,589)	\$ 4.81	-	(271,589)	\$ 4.81	-
Balance June 30, 2022	10,074,195	\$ 4.91	5			
Balance September 30, 2022				10,074,195	\$ 4.91	5
Balance January 1, 2023	10,074,195	\$ 4.91	4	10,074,195	\$ 4.91	4
Warrants Issued	-	-	-	-	-	-
Warrants Exercised	-	-	-	-	-	-
Balance June 30, 2023	10,074,195	\$ 4.91	4			
Balance September 30, 2023				10,074,195	\$ 4.91	4

All warrants are exercisable for a period of five years from the date of issuance.

Stock Repurchase Program

On February 21, 2022, the Board of Directors of the Company authorized a repurchase of up to \$10 million of the Company's shares from time to time pursuant to a stock repurchase program, or the Repurchase Program. Under the terms of the Repurchase Program, the Company may repurchase shares through open market or negotiated private transactions. The timing and extent of any purchases depend upon ongoing assessments of the Company's capital needs, market conditions and the price of the Company's common stock, and other corporate considerations, as determined by management, and are subject to the restrictions relating to volume, price and timing under applicable laws, including but not limited to, Rule 10b-18 promulgated under the Exchange Act.

Below is a table containing information about purchases made by the company:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
April 1, 2022 - December 31, 2022	1,777,657	\$ 1.87	1,777,657	\$ 6,667,595
No repurchases of our common stock were made during the six months ended June 30, 2023.				

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
January 1, 2022 - December 31, 2022	1,777,657	\$ 1.87	1,777,657	\$ 6,667,595
January 1, 2023 - September 30, 2023	19,502	\$ 1.22	1,797,159	\$ 6,643,289

Q. STOCK-BASED COMPENSATION:

In November 2021, the Board of Directors adopted the Amended and Restated 2021 Equity Incentive Plan (the "2021 Plan") which provides for the granting of non-qualified stock options and restricted stock to the Company's employees, officers, directors, and outside consultants to purchase shares of the Company's common stock. The number of shares of common stock available for issuance under the 2021 Plan is 884,568 873,655 shares of common stock.

Stock-based compensation expense included the following components as of June September 30,:

	2023	2022	2023	2022
Stock Options	\$ 25,011	55,776	\$ 30,591	83,182
Restricted Stock	112,427	111,207	112,427	129,186
	137,438	166,983	143,018	212,368

All stock-based compensation expense is recorded in General and Administrative expense in the Statement of Earnings.

Non-Qualified Stock Options

The fair value of options is estimated on the date of grant using the Black-Scholes option pricing model using the assumptions noted in the table below. The fair value is amortized as compensation cost on a straight-line basis over the requisite service period of the awards, which is generally the vesting period. The Company uses historical data on employee turnover and terminations to estimate the percentage of options that will ultimately be exercised. Expected volatility is based on historical volatility from a representative sample of publicly traded companies. The expected term represents the period of time that the options are expected to be outstanding. The risk-free interest rate is estimated using the rate of return on U.S. Treasury Notes with a life that approximates the expected life of the option. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual results differ from the estimates. Stock-based compensation is based on awards that are ultimately expected to vest.

Option awards are generally granted with an exercise price equal to the fair value of the Company's stock at the date of grant; those options generally vest based on four years of continuous service and have 10-years contractual terms.

The Black-Scholes option pricing model assumptions are as follows:

Risk-Free Interest Rate	3.58%	3.58%
Expected Term	5.5-6.25 years	
Expected Volatility	29.24%	29.24%
Expected Dividends	0%	0%

A summary of option activity under the 2021 Plan as of June 30, 2023, September 30, 2023 and 2022 and changes during the six nine months then ended is presented below:

Options	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at January 1, 2022	1,587,000	\$ 4.15	\$ 3,045,700	1,587,000	\$ 4.15	\$ 3,045,700
Granted	61,000	\$ 1.80	-	68,000	\$ 1.80	-
Forfeited or Expired and Other Adjustments	(10,000)	\$ 4.15	-	(50,180)	\$ 4.15	-
Outstanding at June 30, 2022	1,638,000	\$ 4.06	\$ -			
Exercisable at June 30, 2022	94,850	\$ 3.97	\$ -			
Outstanding at September 30, 2022				1,604,820	\$ 4.06	\$ -
Exercisable at September 30, 2022				109,924	\$ 4.06	\$ -
Outstanding at January 1, 2023	1,558,000	\$ 4.17		1,558,000	\$ 4.15	
Granted	15,000	\$ 1.77	-	46,000	\$ 1.54	-
Forfeited or Expired and Other Adjustments	(25,834)	\$ 3.29	-	(39,001)	\$ 3.11	-
Outstanding at June 30, 2023	1,547,167	\$ 4.14	\$ -			
Exercisable at June 30, 2023	593,063	\$ 4.10	\$ -			
Outstanding at September 30, 2023				1,564,999	\$ 4.12	\$ -
Exercisable at September 30, 2023				630,228	\$ 4.13	\$ -

The weighted-average grant-date fair value of options granted during the six nine months ended June 30, 2023, September 30, 2023 and 2022 was \$1.80, \$1.54 and \$1.77, \$1.80, respectively. The weighted-average remaining contractual term for the outstanding options is approximately 9 years and 10 years as of June 30, 2023, September 30, 2023 and 2022, respectively.

Restricted Stock:

Restricted stock consists of time-based restricted stock units (RSUs) and performance-based restricted stock units (PSUs). RSUs granted under the 2021 Plan generally vest over 3 to 4 years, based on continued employment, and are settled upon vesting shares of the Company's common stock on a one-for-one basis. PSUs granted under the 2021 Plan are issued and vest immediately as various performance goals and targets are achieved.

A summary of restricted stock activity under the 2021 Plan as of June, September 30, and changes during the six nine months then ended is presented below:

Restricted Stock	Time- Based	Time- Based
Outstanding at January 1, 2022	154,960	
Granted	125,000	125,725
Vested	(167,805)	179,514
Forfeited	(1,250)	6,466
Outstanding at June 30, 2022, September 30, 2022	110,905	94,705
Outstanding at January 1, 2023	64,166	
Granted	19,252	
Vested	(25,313)	17,500
Forfeited	(2,167)	10,647
Outstanding at June 30, 2023, September 30, 2023	55,938	55,271

R. **EARNINGS (LOSS) PER SHARE:**

The following table presents the computation of basic and diluted net loss per common share as of June September 30,:

	2023		2022		2023		2022	
	Net Income	Shares	Net Income	Shares	Net Income	Shares	Net Income	Shares
Net Earnings (Loss)	\$(1,532,868)	18,540,834	\$(993,257)	19,971,552	\$(848,259)	18,515,206	\$(1,681,409)	19,702,136
Basic earnings (loss) per share	\$(0.08)		\$(0.03)		\$(0.05)		\$(0.09)	
Effect of dilutive securities:								
Warrants		-		-		-		-
Stock Options		-		-		-		-
	\$(1,532,868)	18,540,834	\$(993,257)	19,971,552	\$(848,259)	18,515,206	\$(1,681,409)	19,702,136
Diluted earnings (loss) per share	\$(0.08)		\$(0.03)		\$(0.05)		\$(0.09)	

For the six nine months ended June 30, 2023 September 30, 2023 and 2022, as a result of the net loss for the year, all warrants and stock options have been excluded from the calculation of diluted earnings per share and, therefore, there was no difference in the weighted average number of common shares for basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was anti-dilutive. Warrants to purchase 10,074,195 shares of shares common stock outstanding as of September 30, 2023 and 2022, and stock options to purchase 453,918 630,228 and 109,924 shares of common stock outstanding at June 30, 2023 as of September 30, 2023 and 2022, respectively, were excluded from the computation of diluted earnings per share.

S. **INCOME TAX PROVISION:**

The Company computes its provision for income taxes by applying the estimated annual effective tax rate to pretax income and adjust the provision for discrete tax items recorded in the period.

The provision for income taxes as of and for the six nine months ended June 30, 2023 September 30, 2023 and 2022 consisted of the following:

	2023	2022	2023	2022
Federal:				
Current	\$ -	\$ 48,282	\$ -	\$ 48,282
Deferred	(503,000)	(203,700)	(335,000)	(318,900)
Total	(503,000)	(155,418)	(335,000)	(270,618)
State:				
Current	29,044	6,153	29,043	(9,254)
Deferred	(198,000)	(70,000)	(158,000)	(113,900)
Total	(168,956)	(63,847)	(128,956)	(123,154)
Provision for income taxes	\$ (671,956)	\$ (219,265)	\$ (463,957)	\$ (393,772)

The Company has an income tax NOL carryforward related to continued operations as of June 30, 2023 September 30, 2023 and 2022 of approximately \$3,114,000 and \$174,400, respectively. As of June 30, 2023 September 30, 2023 and 2022, the carryforward is recorded as a deferred tax asset of \$1,542,000 \$1,334,000 and \$386,700, \$545,800, respectively. Such deferred tax assets can be carried forward indefinitely.

T. **ADVERTISING:**

The Company follows the policy of charging the costs of advertising to expense as incurred. For the six nine months ended June 30, 2023 September 30, 2023 and 2022, advertising costs amounted to \$306,990 \$365,682 and \$87,067, \$211,945, respectively.

U. **MAJOR CUSTOMERS:**

For the six nine months ended June 30, 2023, the Company had two major customers to which sales accounted for approximately 21.4% of the Company's revenues. The Company had accounts receivable from these customers amounting to 8.5% of the total accounts receivable balance.

For the six months ended June 30, 2022 September 30, 2023, the Company had one major customer to which sales accounted for approximately 11% 13.6% of the Company's revenues. The Company no accounts receivable from this customers.

For the nine months ended September 30, 2022, the Company had one major customer to which sales accounted for approximately 10.4% of the Company's revenues. The Company had accounts receivable from this customer amounting to 13% 13.8% of the total accounts receivable balance.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following management's discussion and analysis of financial condition and results of operations provides information that management believes is relevant to an assessment and understanding of our plans and financial condition. The following financial information is derived from our financial statements and should be read in conjunction with such financial statements and notes thereto set forth elsewhere herein.

Use of Terms

Except as otherwise indicated by the context and for the purposes of this report only, references in this report to "we," "us," "our," "Stran," and the "Company" are to Stran & Company, Inc., a Nevada corporation.

Special Note Regarding Forward-Looking Statements

This report contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to us. All statements other than statements of historical facts are forward-looking statements. These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- the expected timing, availability and effects on our stock price and financial condition of our stock repurchase program;
- our goals and strategies;
- our business development, financial condition and results of operations;
- expected changes in our revenue, costs or expenditures;
- growth and competition trends in our industry;
- our expectations regarding demand for, and market acceptance of, our products or services;
- our expectations regarding our relationships with investors, institutional funding partners and other parties with whom we collaborate;
- our expectations regarding the availability and use of financing from our revolving line of bank credit, other credit facilities, or sales of equity or debt securities;
- future fluctuations in general economic and business conditions in the markets in which we operate; and
- future relevant government policies and regulations relating to our industry.

In some cases, you can identify forward-looking statements by terms such as "may," "could," "will," "should," "would," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," "project" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under Item 1A "Risk Factors" included in our Annual Reports on Form 10-K filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and elsewhere in this report. If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

The forward-looking statements made in this report relate only to events or information as of the date on which the statements are made in this report. Except as expressly required by the federal securities laws, there is no undertaking to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

Overview

We are an outsourced marketing solutions provider that sells branded products to customers. We purchase products and branding through various third-party manufacturers and decorators and resell the finished goods to customers.

In addition to selling branded products, we offer clients custom sourcing capabilities; a flexible and customizable e-commerce solution for promoting branded merchandise and other promotional products, managing promotional loyalty and incentives, print collateral, and event assets, order and inventory management, and designing and hosting online retail popup shops, fixed public retail online stores, and online business-to-business service offerings; creative and merchandising services; warehousing/fulfillment and distribution; print-on-demand; kitting; point of sale displays; and loyalty and incentive programs.

We earn the majority of our revenue from the sale of unique, quality promotional products for a wide variety of industries primarily to support marketing efforts. We also derive revenues from service fees from loyalty programs, event management, print services, fulfillment services, and technology services.

The majority of our revenue is derived from program business, although only a small percentage of our customers are considered programmatic. For the years 2022 and 2021, program clients accounted for 82.2% and 75.7% of total revenue, respectively. For the three months ended June 30, 2023, September 30, 2023 and 2022, program clients accounted for 81.6%, 79.8% and 86.9%, 81.4% of total revenue, respectively, and for the six nine months ended June 30, 2023, September 30, 2023 and 2022, program clients accounted for 81.1%, 80.7% and 85.1%, 82.1% of total revenue, respectively. Fewer than 350 of our more than 2,000 active customers are considered to be program clients. Our active customers are any organizations, businesses, or divisions of a parent organization which have purchased directly or indirectly from us within the last two years, and include organizations that have bought from other organizations for which Stran acts as an established sub-contractor. We define transactional customers as customers that place an order with us and do not have an agreement with us covering ongoing branding requirements. We define program clients as clients that have a contractual obligation for specific ongoing branding needs. Program offerings include ongoing inventory, use of technology platform, warehousing, creative services, and additional client support. Those program customers are geared towards longer-lasting relationships that helps secure recurring revenue well into the future.

Our sales increased 18.0%, 42.2% year-over-year in the second third quarter of 2023 compared to the second third quarter of 2022, and increased 22.8%, 29.3% year-over-year in the first six nine months of 2023 compared to the first six nine months of 2022, due to higher spending from existing customers as well as business from new customers. Additionally, we benefited from the acquisition of the assets of each of G.A.P. Promotions, LLC, or G.A.P. Promotions, in January 2022, Trend Promotional Marketing Corporation (d/b/a Trend Brand Solutions), or Trend Brand Solutions, in August 2022, Premier Business Services, or Premier NYC, in December 2022, and T R Miller Co., Inc., or T R Miller, in June 2023, respectively.

As of June 30, 2023, September 30, 2023, we had approximately \$63.1 million, \$61.3 million of total assets with approximately \$38.0 million, \$38.6 million of total stockholders' equity.

Emerging Growth Company

We qualify as an “emerging growth company” under the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). As a result, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements. For so long as we are an emerging growth company, we will not be required to:

- have an auditor report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;
- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- submit certain executive compensation matters to stockholder advisory votes, such as “say-on-pay” and “say-on-frequency;” and
- disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer’s compensation to median employee compensation.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the “Securities Act”), for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the benefits of this extended transition period. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards.

We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year following the fifth anniversary of our initial public offering, (ii) the last day of the first fiscal year in which our total annual gross revenues are \$1,235,000,000 or more, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter or (iv) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three year period.

Principal Factors Affecting Our Financial Performance

Our operating results are primarily affected by the following factors:

- our ability to acquire new customers or retain existing customers;
- our ability to offer competitive product pricing;
- our ability to broaden product offerings;
- industry demand and competition;
- our ability to leverage technology and use and develop efficient processes;
- our ability to attract and retain talented employees; and
- market conditions and our market position.

Results of Operations

Comparison of Three Months Ended June 30, 2023 September 30, 2023 and 2022

Consolidated Operations Data	Three Months Ended		Three Months Ended	
	June 30, 2023	June 30, 2022	September 30, 2023	September 30, 2022
SALES	\$ 17,470,106	\$ 14,806,904	\$ 19,303,335	\$ 13,576,072
COST OF SALES:				
Purchases	10,810,268	9,497,551	11,603,364	8,388,856
Freight	1,582,917	1,549,163	1,328,603	939,865
	<u>12,393,185</u>	<u>11,046,714</u>	<u>12,931,967</u>	<u>9,328,721</u>
GROSS PROFIT	5,076,921	3,760,190	6,371,368	4,247,351
OPERATING EXPENSES:				
General and Administrative Expenses	6,351,174	4,232,170	5,939,694	4,896,386
	<u>6,351,174</u>	<u>4,232,170</u>	<u>5,939,694</u>	<u>4,896,386</u>
EARNINGS (LOSS) FROM OPERATIONS	(1,274,253)	(471,980)	431,674	(649,035)
OTHER INCOME AND (EXPENSE):				
Other Income (Expense)	15,092	(23,781)	242,009	20,471
Interest Income (Expense)	146,177	6,108	183,156	(2,881)
Unrealized Gain (Loss) on Investments	(33,303)	-	35,770	(231,214)
	<u>127,966</u>	<u>(17,673)</u>	<u>460,935</u>	<u>(213,624)</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	(1,146,287)	(489,653)	892,609	(862,659)
PROVISION FOR INCOME TAXES	(307,957)	(42,210)	208,000	(174,507)

NET EARNINGS (LOSS)	(838,330)	(447,443)	684,609	(688,152)
---------------------	-----------	-----------	---------	-----------

Sales

Sales consist primarily of the selling price of the merchandise, service or outbound shipping and handling charges, less discounts, coupons redeemed, returns and credits.

Our sales increased 18.0% 42.2% to approximately \$17.5 million \$19.3 million for the three months ended June 30, 2023 September 30, 2023 from approximately \$14.8 13.6 million for the three months ended June 30, 2022 September 30, 2022. The increase was primarily due to higher spending from existing customers as well as business from new customers. Additionally, the acquisitions of each of G.A.P. Promotions in January 2022, Trend Brand Solutions in August 2022, Premier NYC in December 2022, and T R Miller in June 2023, respectively, accounted for an aggregate of approximately \$3.1 million \$3.9 million, or 17.8% 20.4%, of sales, for the second third quarter of 2023, compared to approximately \$1.9 million \$1.7 million, or 12.6%, of sales, for the second third quarter of 2022 from the acquisition of the G.A.P. Promotions assets in January 2022 and the acquisition of the Trend Brand Solutions assets in August 2022, as described in more detail immediately below.

The January 2022 acquisition of the G.A.P. Promotions assets generated approximately \$1.0 million \$0.6 million of sales for the three months ended June 30, 2023 September 30, 2023, compared to approximately \$1.9 million \$1.5 million for the three months ended June 30, 2022 September 30, 2022. The August 2022 acquisition of the Trend Brand Solutions assets generated approximately \$0.6 million \$0.5 million of sales for the three months ended June 30, 2023 September 30, 2023, compared to \$0.2 million of sales for the three months ended September 30, 2022. The December 2022 acquisition of the Premier NYC assets generated approximately \$0.2 million of sales for the three months ended September 30, 2023, compared to no sales from such assets for the three months ended June 30, 2022 September 30, 2022. The December 2022 June 2023 acquisition of the Premier NYC T R Miller assets generated approximately \$0.3 million \$2.6 million of sales for the three months ended June 30, 2023 September 30, 2023, compared to no sales from such assets for the three months ended June 30, 2022. The June 2023 acquisition of the T R Miller assets generated approximately \$1.1 million of sales for the three months ended June 30, 2023, compared to no sales from such assets for the three months ended June 30, 2022 September 30, 2022. Our recurring organic sales, defined as sales excluding revenue from the acquisitions of the assets of each of G.A.P. Promotions, Trend Brand Solutions, Premier NYC, and T R Miller, increased 11.1% 29.5%, or approximately \$1.4 million \$3.5 million, to approximately \$14.4 million \$15.4 million for the three months ended June 30, 2023 September 30, 2023, compared to approximately \$12.9 million \$11.9 million for the three months ended June 30, 2022 September 30, 2022.

Cost of Sales

Cost of sales consists of the costs of purchasing merchandise and freight charges. Our total cost of sales increased 12.2% 38.6% to approximately \$12.4 million \$12.9 million for the three months ended June 30, 2023 September 30, 2023, from approximately \$11.0 million \$9.3 million for the three months ended June 30, 2022 September 30, 2022. As a percentage of sales, cost of sales decreased to 70.9% 67.0% for the three months ended June 30, 2023 September 30, 2023 from 74.6% 68.7% for the three months ended June 30, 2022 September 30, 2022. More specifically, cost of purchases increased to approximately \$10.8 million \$11.6 million for the three months ended June 30, 2023 September 30, 2023, or 13.8% 38.3%, from approximately \$9.5 million \$8.4 million for the three months ended June 30, 2022 September 30, 2022. As a percentage of sales, cost of purchases decreased to 61.9% 60.1% for the three months ended June 30, 2023 September 30, 2023, from 64.1% 61.8% for the three months ended June 30, 2022 September 30, 2022. In addition, freight costs increased to approximately \$1.6 million \$1.3 million for the three months ended June 30, 2023 September 30, 2023, or 2.2% 41.4%, from approximately \$1.5 million \$0.9 million for the three months ended June 30, 2022 September 30, 2022. As a percentage of sales, freight costs decreased to 9.1% remained the same at 6.9% for the three months ended June 30, 2023, from 10.5% for the three months ended June 30, 2022. The increase in the dollar amount of cost of purchases and freight was primarily due to an increase in sales of 18.0% 42.2% from period to period.

Gross Profit

Gross profit consists of sales less total costs of sales. Our gross profit increased 35.0% 50.0% to approximately \$5.1 million \$6.4 million, or 29.1% 33.0% of revenue, sales, for the three months ended June 30, 2023 September 30, 2023, from approximately \$3.8 million \$4.2 million, or 25.4% 31.3% of revenue, sales, for the three months ended June 30, 2022 September 30, 2022. The increase in the dollar amount of gross profit was due to increased an increase in sales of approximately \$5.7 million for the reasons described above, partially offset by an increase in purchasing and freight costs of approximately \$3.6 million in aggregate for the reasons described above.

Operating Expenses

Operating expenses consist of general and administrative expenses. Our operating expenses increased 21.3%, or approximately \$1.0 million, to approximately \$5.9 million for the three months ended September 30, 2023 from approximately \$4.9 million for the three months ended September 30, 2022. As a percentage of sales, operating expenses decreased to 30.8% for the three months ended September 30, 2023 from 36.1% for the three months ended September 30, 2022. The increase in the dollar amount of operating expenses was due to an increase in general and administrative expenses of approximately \$1.0 million, or 21.3%, which in turn was primarily due to additional expenses related to the acquisition of the assets of G.A.P. Promotions, Trend Brand Solutions, Premier NYC, and T R Miller; closing and integration costs relating to the acquisition of T R Miller's assets; the implementation of an internal commercial enterprise resource planning ("ERP") system on NetSuite ERP's platform; ongoing public company expenses; lead generation initiatives; and organic growth in our business.

Other Income and (Expense)

Other income and (expense) consist of other income, interest income (expense), and unrealized gain (loss) on investments. Our other income was \$242,009 for the three months ended September 30, 2023, compared to \$20,471 for the three months ended September 30, 2022. This change was primarily due to an accrual adjustment to certain earn-out obligations relating to our acquisition of the assets of Wildman Imprints, the former promotional products business division of Wildman Business Group, LLC ("Wildman Imprints"). Our interest income (expense) was \$183,156 for the three months ended September 30, 2023, compared to \$(2,881) for the three months ended September 30, 2022. This change was primarily due to interest generated from investments. Our unrealized gain (loss) on investments was \$35,770 for the three months ended September 30, 2023, compared to \$(231,214) for the three months ended September 30, 2022. This change was primarily due to the recording of all investments at estimated fair value.

Provision for Income Taxes

Income tax provision reflects statutory tax rates in the jurisdictions in which we operate adjusted for permanent book/tax differences. Income tax provision for the three months ended September 30, 2023 was approximately \$0.2 million compared to income tax provision of approximately \$(0.2) million for the three months ended September 30, 2022. Income tax provision for the three months ended September 30, 2023 and 2022 accounted for approximately 23.3% and 20.2% of earnings (loss) before income taxes of approximately \$0.9 million and approximately \$(0.9) million for the three months ended September 30, 2023 and 2022, respectively. For the three months ended September 30, 2023 and 2022, the Company recorded an income tax provision comprised substantially of a deferred tax asset in the form of an operating loss carryforward. No valuation allowance against the deferred tax asset was accounted for due to the indefinite life of the asset.

Our effective tax rate is directly affected by the relative proportions of revenue and income before taxes in the jurisdictions in which we operate. Based on management's expectations of future earnings, we anticipate that our effective tax rate will remain similar to the federal tax rate of 21%. State income taxes will fluctuate based annually on apportionment of sales by state.

Discrete tax events may cause our effective rate to fluctuate on a quarterly basis. Certain events, including, for example, acquisitions and other business changes, which are difficult to predict, may also cause our effective tax rate to fluctuate. We are subject to changing tax laws, regulations, and interpretations in multiple jurisdictions. Corporate tax reform continues to be a priority in the U.S. and other jurisdictions. Additional changes to the tax system in the U.S. could have significant effects, positive and negative, on our effective tax rate and our deferred tax assets and liabilities. For further discussion of changes in the income tax provision, refer to Notes A and S to our financial statements beginning on page 1 of this Quarterly Report on Form 10-Q.

Net Earnings (Loss)

Our net earnings for the three months ended September 30, 2023 were approximately \$0.7 million, compared to a net loss of approximately \$0.7 million for the three months ended September 30, 2022. This change was primarily due to the increase in sales during the three months ended September 30, 2023 from the acquisition of the assets of each of G.A.P. Promotions, Trend Brand Solutions, Premier NYC, and T R Miller to approximately \$3.9 million in aggregate, from approximately \$1.7 million from the acquisition of the assets of G.A.P. Promotions and Trend Brand Solutions during the three months ended September 30, 2022, and the increase of approximately \$3.5 million from recurring organic sales during the three months ended September 30, 2023 compared to the three months ended September 30, 2022. These factors were partially offset by the reasons described above for the increase in operating expenses and the increase in purchasing costs.

Comparison of Nine Months Ended September 30, 2023 and 2022
Consolidated Operations Data

	Nine Months Ended	
	September 30, 2023	September 30, 2022
SALES	\$ 52,549,688	\$ 40,642,559
COST OF SALES:		
Purchases	32,437,178	25,843,023
Freight	3,970,268	3,573,830
	<u>36,407,446</u>	<u>29,416,853</u>
GROSS PROFIT	16,142,242	11,225,706
OPERATING EXPENSES:		
General and Administrative Expenses	18,369,963	13,152,774
	<u>18,369,963</u>	<u>13,152,774</u>
EARNINGS (LOSS) FROM OPERATIONS	(2,227,721)	(1,927,068)
OTHER INCOME AND (EXPENSE):		
Other Income	313,738	92,124
Interest Income (Expense)	467,415	(9,023)
Unrealized Gain (Loss) on Investments	134,352	(231,214)
	<u>915,505</u>	<u>(148,113)</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	(1,312,216)	(2,075,181)
PROVISION FOR INCOME TAXES	(463,957)	(393,772)
NET EARNINGS (LOSS)	(848,259)	(1,681,409)

Sales

Sales consist primarily of the selling price of the merchandise, service or outbound shipping and handling charges, less discounts, coupons redeemed, returns and credits.

Our sales increased 29.3% to approximately \$52.5 million for the nine months ended September 30, 2023 from approximately \$40.6 million for the nine months ended September 30, 2022. The increase was primarily due to higher spending from existing customers as well as business from new customers. Additionally, the acquisitions of each of G.A.P. Promotions in January 2022, Trend Brand Solutions in August 2022, Premier NYC in December 2022, and T R Miller in June 2023, respectively, accounted for an aggregate of approximately \$9.4 million, or 17.9%, of sales, for the nine months ended September 30, 2023, compared to approximately \$4.5 million, or 11.0%, of sales, for the nine months ended September 30, 2022 from the acquisition of the G.A.P. Promotions assets in January 2022 and the Trend Brand Solutions asset in August 2022, as described in more detail immediately below.

The January 2022 acquisition of the G.A.P. Promotions assets generated approximately \$2.8 million of sales for the nine months ended September 30, 2023, compared to approximately \$4.3 million for the nine months ended September 30, 2022. The August 2022 acquisition of the Trend Brand Solutions assets generated approximately \$2.0 million of sales for the nine months ended September 30, 2023, compared to approximately \$0.2 million from such assets for the nine months ended September 30, 2022. The December 2022 acquisition of the Premier NYC assets generated approximately \$0.8 million of sales for the nine months ended September 30, 2023, compared to no sales from such assets for the nine months ended September 30, 2022. The June 2023 acquisition of the T R Miller assets generated approximately \$3.7 million of sales for the nine months ended September 30, 2023, compared to no sales from such assets for the nine months ended September 30, 2022. Our recurring organic sales, defined as sales excluding revenue from the acquisitions of the assets of each of G.A.P. Promotions, Trend Brand Solutions, Premier NYC, and T R Miller, increased 19.3%, or approximately \$7.0 million, to approximately \$43.1 million for the nine months ended September 30, 2023, compared to approximately \$36.2 million for the nine months ended September 30, 2022.

Cost of Sales

Cost of sales consists of the costs of purchasing merchandise and freight charges. Our total cost of sales increased 23.8% to approximately \$36.4 million for the nine months ended September 30, 2023, from approximately \$29.4 million for the nine months ended September 30, 2022. As a percentage of sales, cost of sales decreased to 69.3% for the nine months ended September 30, 2023 from 72.4% for the nine months ended September 30, 2022. More specifically, cost of purchases increased to approximately \$32.4 million for the nine months ended September 30, 2023, or 25.5%, from approximately \$25.8 million for the nine months ended September 30, 2022. As a percentage of sales, cost of purchases decreased to 61.7% for the nine months ended September 30, 2023, from 63.6% for the nine months ended September 30, 2022. In addition, freight costs increased to approximately \$4.0 million for the nine months ended September 30, 2023, or 11.1%, from approximately \$3.6 million for the nine months ended September 30, 2022. As a percentage of sales, freight costs decreased to 7.6% for the nine months ended September 30, 2023, from 8.8% for the nine months ended September 30, 2022. The increase in the dollar amount of cost of purchases and freight was primarily due to an increase in sales of 29.3% from period to period.

Gross Profit

Gross profit consists of sales less total costs of sales. Our gross profit increased 43.8% to approximately \$16.1 million, or 30.7% of sales, for the nine months ended September 30, 2023, from approximately \$11.2 million, or 27.6% of sales, for the nine months ended September 30, 2022. The increase in the dollar amount of gross profit was due to an increase in sales of approximately \$11.9 million for the reasons described above, partially offset by an increase in purchasing and freight costs of approximately \$7.0 million in aggregate for the reasons described above.

Operating Expenses

Operating expenses consist of general and administrative expenses. Our operating expenses increased 50.1% 39.7%, or approximately \$2.1 \$5.2 million, to approximately \$6.4 million \$18.4 million for the three nine months ended June 30, 2023 September 30, 2023, from approximately \$4.2 million \$13.2 million for the three nine months ended June 30, 2022 September 30, 2022. As a percentage of sales, operating expenses increased to 36.4% 35.0% for the three nine months ended June 30, 2023 September 30, 2023 from 28.6% 32.4% for the three nine months ended June 30, 2022 September 30, 2022. The increase in the dollar amount of operating expenses was due to an increase in general and administrative expenses of approximately \$2.1 million \$5.2 million, or 50.1% 39.7%, which in turn was primarily due to additional expenses related to the acquisition of the assets of G.A.P. Promotions, Trend Brand Solutions, Premier NYC, and T R Miller; due diligence, closing and integration costs relating to the acquisition of T R Miller's assets; the implementation of an internal commercial ERP system on NetSuite ERP's platform; ongoing public company expenses; lead generation initiatives; and organic growth in our business.

Other Income and (Expense)

Other income and (expense) consist of other income, (expense), interest income (expense), and unrealized gain (loss) on investments. Our other income (expense) was \$15,092 \$313,738 for the three nine months ended June 30, 2023 September 30, 2023, compared to other income (expense) of \$(23,781) \$92,124 for the three nine months ended June 30, 2022 September 30, 2022. This change was primarily due to an accrual adjustment to certain earn-out obligations relating to our acquisition of the assets of Wildman Imprints. Our interest income (expense) was \$146,177 \$467,415 for the three nine months ended June 30, 2023 September 30, 2023, compared to \$6,108 \$(9,023) for the three nine months ended June 30, 2022 September 30, 2022. This change was primarily due to interest generated from investments. Our unrealized gain (loss) on investments was \$(33,303) \$134,352 for the three nine months ended June 30, 2023 September 30, 2023, compared to zero \$(231,214) for the three nine months ended June 30, 2022 September 30, 2022. This change was primarily due to the recording of all investments at estimated fair value.

Provision for Income Taxes

Income tax provision reflects statutory tax rates in the jurisdictions in which we operate adjusted for permanent book/tax differences.

Income tax provision for the three nine months ended June 30, 2023 September 30, 2023 was approximately \$(0.3) \$(0.5) million compared to income tax provision of approximately \$(0.04) \$(0.4) million for the three nine months ended June 30, 2022 September 30, 2022. Income tax provision for the three nine months ended June 30, 2023 September 30, 2023 and 2022 accounted for approximately 26.9% 35.4% and 8.6% 19.0% of earnings (loss) before income taxes of approximately \$(1.1) \$(1.3) million and approximately \$(0.5) \$(2.1) million for the three nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. For the three nine months ended June 30, 2023 September 30, 2023 and 2022, the Company recorded an income tax provision comprised substantially of a deferred tax asset in the form of an operating loss carryforward. No valuation allowance against the deferred tax asset was accounted for due to the indefinite life of the asset.

Our effective tax rate is directly affected by the relative proportions of revenue and income before taxes in the jurisdictions in which we operate. Based on management's expectations of future earnings, we anticipate that our effective tax rate will remain similar to the federal tax rate of 21%. State income taxes will fluctuate based annually on apportionment of sales by state.

Discrete tax events may cause our effective rate to fluctuate on a quarterly basis. Certain events, including, for example, acquisitions and other business changes, which are difficult to predict, may also cause our effective tax rate to fluctuate. We are subject to changing tax laws, regulations, and interpretations in multiple jurisdictions. Corporate tax reform continues to be a priority in the U.S. and other jurisdictions. Additional changes to the tax system in the U.S. could have significant effects, positive and negative, on our effective tax rate and our deferred tax assets and liabilities. For further discussion of changes in the income tax provision, refer to Notes A and S to our financial statements beginning on page 1 of this Quarterly Report on Form 10-Q.

Net Earnings (Loss)

Our net loss for the three nine months ended June 30, 2023 September 30, 2023 was approximately \$0.8 million, compared to a net loss of approximately \$0.4 million \$1.7 million for the three nine months ended June 30, 2022 September 30, 2022. This change was primarily due to the reasons described above for the increase in operating expenses and the increase in purchasing costs. These factors were partially offset by the increase in sales during the three nine months ended June 30, 2023 September 30, 2023 from the acquisition of the assets of each of G.A.P. Promotions, Trend Brand Solutions, Premier NYC, and T R Miller to approximately \$3.1 million \$9.4 million in aggregate, from approximately \$1.9 million \$4.5 million from the acquisition of the assets of G.A.P. Promotions and Trend Brand Solutions during the three nine months ended June 30, 2022 September 30, 2022, and the increase of approximately \$1.4 million \$7.0 million from recurring organic sales during the three nine months ended June 30, 2023 September 30, 2023 compared to the three nine months ended June 30, 2022 September 30, 2022.

Comparison of Six Months Ended June 30, 2023 and 2022

Consolidated Operations Data	Six Months Ended	
	June 30, 2023	June 30, 2022
SALES	\$ 33,246,353	\$ 27,066,487
COST OF SALES:		
Purchases	20,833,814	17,454,167
Freight	2,641,665	2,633,965
	<u>23,475,479</u>	<u>20,088,132</u>
GROSS PROFIT	9,770,874	6,978,355
OPERATING EXPENSES:		
General and Administrative Expenses	12,430,269	8,256,388
	<u>12,430,269</u>	<u>8,256,388</u>
EARNINGS (LOSS) FROM OPERATIONS	(2,659,395)	(1,278,033)
OTHER INCOME AND (EXPENSE):		
Other Income (Expense)	71,729	(27,461)
Interest Income (Expense)	284,259	92,972
Unrealized Gain (Loss) on Investments	98,582	-
	<u>454,570</u>	<u>65,511</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	(2,204,825)	(1,212,522)

PROVISION FOR INCOME TAXES	(671,957)	(219,265)
NET EARNINGS (LOSS)	(1,532,868)	(993,257)

Sales

Sales consist primarily of the selling price of the merchandise, service or outbound shipping and handling charges, less discounts, coupons redeemed, returns and credits.

Our sales increased 22.8% to approximately \$33.2 million for the six months ended June 30, 2023 from approximately \$27.1 million for the six months ended June 30, 2022. The increase was primarily due to higher spending from existing customers as well as business from new customers. Additionally, the acquisitions of each of G.A.P. Promotions in January 2022, Trend Brand Solutions in August 2022, Premier NYC in December 2022, and T R Miller in June 2023, respectively, accounted for an aggregate of approximately \$5.5 million, or 16.5%, of sales, for the six months ended June 30, 2023, compared to approximately \$2.7 million, or 9.9%, of sales, for the six months ended June 30, 2022 from the acquisition of the G.A.P. Promotions assets in January 2022, as described in more detail immediately below.

The January 2022 acquisition of the G.A.P. Promotions assets generated approximately \$2.2 million of sales for the six months ended June 30, 2023, compared to approximately \$2.7 million for the six months ended June 30, 2022. The August 2022 acquisition of the Trend Brand Solutions assets generated approximately \$1.6 million of sales for the six months ended June 30, 2023, compared to no sales from such assets for the six months ended June 30, 2022. The December 2022 acquisition of the Premier NYC assets generated approximately \$0.6 million of sales for the six months ended June 30, 2023, compared to no sales from such assets for the six months ended June 30, 2022. The June 2023 acquisition of the T R Miller assets generated approximately \$1.1 million of sales for the six months ended June 30, 2023, compared to no sales from such assets for the six months ended June 30, 2022. Our recurring organic sales, defined as sales excluding revenue from the acquisitions of the assets of each of G.A.P. Promotions, Trend Brand Solutions, Premier NYC, and T R Miller, increased 13.9%, or approximately \$3.4 million, to approximately \$27.8 million for the six months ended June 30, 2023, compared to approximately \$24.4 million for the six months ended June 30, 2022.

Cost of Sales

Cost of sales consists of the costs of purchasing merchandise and freight charges. Our total cost of sales increased 16.9% to approximately \$23.5 million for the six months ended June 30, 2023, from approximately \$20.1 million for the six months ended June 30, 2022. As a percentage of sales, cost of sales decreased to 70.6% for the six months ended June 30, 2023 from 74.2% for the six months ended June 30, 2022. More specifically, cost of purchases increased to approximately \$20.8 million for the six months ended June 30, 2023, or 19.4%, from approximately \$17.5 million for the six months ended June 30, 2022. As a percentage of sales, cost of purchases decreased to 62.7% for the six months ended June 30, 2023, from 64.5% for the six months ended June 30, 2022. In addition, freight costs increased to approximately \$2.6 million for the six months ended June 30, 2023, or 0.3%, from approximately \$2.6 million for the six months ended June 30, 2022. As a percentage of sales, freight costs decreased to 7.9% for the six months ended June 30, 2023, from 9.7% for the six months ended June 30, 2022. The increase in the dollar amount of cost of purchases and freight was primarily due to an increase in sales of 22.8% from period to period.

Gross Profit

Gross profit consists of sales less total costs of sales. Our gross profit increased 40.0% to approximately \$9.8 million, or 29.4% of revenue, for the six months ended June 30, 2023, from approximately \$7.0 million, or 25.8% of revenue, for the six months ended June 30, 2022. The increase in the dollar amount of gross profit was due to increased sales for the reasons described above, partially offset by an increase in purchasing and freight costs for the reasons described above.

Operating Expenses

Operating expenses consist of general and administrative expenses. Our operating expenses increased 50.6%, or approximately \$4.2 million, to approximately \$12.4 million for the six months ended June 30, 2023 from approximately \$8.3 million for the six months ended June 30, 2022. As a percentage of sales, operating expenses increased to 37.4% for the six months ended June 30, 2023 from 30.5% for the six months ended June 30, 2022. The increase in the dollar amount of operating expenses was due to an increase in general and administrative expenses of approximately \$4.2 million, or 50.6%, which in turn was primarily due to additional expenses related to the acquisition of the assets of G.A.P. Promotions, Trend Brand Solutions, Premier NYC, and T R Miller; due diligence, closing and integration costs relating to the acquisition of T R Miller's assets; the implementation of an internal commercial ERP system on NetSuite ERP's platform; ongoing public company expenses; lead generation initiatives; and organic growth in our business.

Other Income and (Expense)

Other income and (expense) consist of other income (expense), interest income (expense), and unrealized gain (loss) on investments. Our other income (expense) was \$71,729 for the six months ended June 30, 2023, compared to other income (expense) of \$(27,461) for the six months ended June 30, 2022. This change was primarily due to an accrual adjustment to certain earn-out obligations relating to our acquisition of the assets of Wildman Imprints. Our interest income (expense) was \$284,259 for the six months ended June 30, 2023, compared to \$92,972 for the six months ended June 30, 2022. This change was primarily due to interest generated from investments. Our unrealized gain (loss) on investments was \$98,582 for the six months ended June 30, 2023, compared to zero for the six months ended June 30, 2022. This change was primarily due to the recording of all investments at estimated fair value.

Provision for Income Taxes

Income tax provision reflects statutory tax rates in the jurisdictions in which we operate adjusted for permanent book/tax differences.

Income tax provision for the six months ended June 30, 2023 was approximately \$(0.7) million compared to income tax provision of approximately \$(0.2) million for the six months ended June 30, 2022. Income tax provision for the six months ended June 30, 2023 and 2022 accounted for approximately 30.5% and 18.1% of earnings (loss) before income taxes of approximately \$(2.2) million and approximately \$(1.2) million for the six months ended June 30, 2023 and 2022, respectively. For the six months ended June 30, 2023 and 2022, the Company recorded an income tax provision comprised substantially of a deferred tax asset in the form of an operating loss carryforward. No valuation allowance against the deferred tax asset was accounted for due to the indefinite life of the asset.

Our effective tax rate is directly affected by the relative proportions of revenue and income before taxes in the jurisdictions in which we operate. Based on management's expectations of future earnings, we anticipate that our effective tax rate will remain similar to the federal tax rate of 21%. State income taxes will fluctuate based annually on apportionment of sales by state.

Discrete tax events may cause our effective rate to fluctuate on a quarterly basis. Certain events, including, for example, acquisitions and other business changes, which are difficult to predict, may also cause our effective tax rate to fluctuate. We are subject to changing tax laws, regulations, and interpretations in multiple jurisdictions. Corporate tax reform continues to be a priority in the U.S. and other jurisdictions. Additional changes to the tax system in the U.S. could have significant effects, positive and negative, on our effective tax rate and our deferred tax assets and liabilities. For further discussion of changes in the income tax provision, refer to Notes A and S to our financial statements beginning on page 1 of this Quarterly Report on Form 10-Q.

Net Earnings (Loss)

Our net loss for the six months ended June 30, 2023 was approximately \$1.5 million, compared to a net loss of approximately \$1.0 million for the six months ended June 30, 2022. This change was primarily due to the reasons described above for the increase in operating expenses and the increase in purchasing costs. These factors were partially offset by the increase in sales during the six months ended June 30, 2023 from the acquisition of the assets of each of G.A.P. Promotions, Trend Brand Solutions, Premier NYC, and T R Miller to approximately \$5.5 million in aggregate, from approximately \$2.7 million from the acquisition of the assets of G.A.P. Promotions during the six months ended June 30, 2022, and the increase of approximately \$3.4 million from recurring organic sales during the six months ended June 30, 2023 compared to the six months ended June 30, 2022.

Liquidity and Capital Resources

As of **June 30, 2023** **September 30, 2023**, we had cash and cash equivalents of approximately **\$15.3 million** **\$9.4 million** and investments of approximately \$10.3 million. We have financed our operations primarily through cash generated from our initial public offering of common stock and warrants to purchase common stock in November 2021, our private placement of common stock and warrants to purchase common stock in December 2021, operations, and bank borrowings, including a secured revolving demand line of credit that was opened with Salem Five Cents Savings Bank in November 2021 for aggregate loans of up to \$7.0 million, subject to a number of asset-related and other financial requirements and other covenants, terms and conditions as described in detail below under “– Debt”.

We believe that our current levels of cash will be sufficient to meet our anticipated cash needs for our operations and cash payment obligations for both the 12 months ended **June 30, 2024** **September 30, 2024** and in the long-term beyond this period, including our anticipated costs associated with being a public reporting company. We may, however, in the future require additional cash resources due to changing business conditions, implementation of our strategy to expand our business, or other investments or acquisitions we may decide to pursue. If our own financial resources are insufficient to satisfy our capital requirements, we may seek to sell additional equity or debt securities or obtain additional credit facilities. The sale of additional equity securities could result in dilution to our stockholders. The incurrence of indebtedness would result in increased debt service obligations and could require us to agree to operating and financial covenants that would restrict our operations. Financing may not be available in amounts or on terms acceptable to us, if at all. Any failure by us to raise additional funds on terms favorable to us, or at all, could limit our ability to expand our business operations and could harm our overall business prospects.

Summary of Cash Flow

The following table provides detailed information about our net cash flow for the six nine months ended June 30, 2023 September 30, 2023 and 2022.

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net cash provided by (used in) operating activities	\$ 2,327,231	\$ (2,241,841)	\$ (3,383,722)	\$ (6,536,762)
Net cash provided by (used in) investing activities	(1,723,425)	(729,833)	(1,824,278)	(10,729,582)
Net cash provided by (used in) financing activities	(586,363)	(1,053,088)	(610,666)	(2,663,662)
Net increase (decrease) in cash and cash equivalents	17,443	(4,024,762)	(5,818,666)	(19,930,006)
Cash and cash equivalents at beginning of period	15,253,756	32,226,668	15,253,756	32,226,668
Cash and cash equivalents at end of period	\$ 15,271,199	\$ 28,201,906	\$ 9,435,090	\$ 12,296,662

Net cash provided by used in operating activities was approximately \$2.3 million \$3.4 million for the six nine months ended June 30, 2023 September 30, 2023, as compared to net cash used in operating activities of approximately \$2.2 million \$6.5 million for the six nine months ended June 30, 2022 September 30, 2022. For the six nine months ended June 30, 2023 September 30, 2023, decreases increases in accounts receivable inventory, of approximately \$2.1 million, deposits of approximately \$2.0 million, and accounts payable, as well as increases in deposits, unearned revenue and of approximately \$3.6 million along with a decrease in rewards program liability of approximately \$3.3 million were the primary drivers of the net cash provided by used in operating activities. For the six nine months ended June 30, 2022 September 30, 2022, increases in accounts receivable of approximately \$1.3 million and inventory unearned revenue and rewards program liability of approximately \$1.9 million along with a decrease in accounts payable and accrued expenses of approximately \$2.1 million were the primary drivers of the net cash used in operating activities. The change of net cash provided by used in operating activities for the six nine months ended June 30, 2023 September 30, 2023 compared to the net cash used in operating activities for the six nine months ended June 30, 2022 September 30, 2022 occurred in the normal course of business due to growth in organic business.

Net cash used in investing activities was approximately \$1.7 million \$1.8 million for the six nine months ended June 30, 2023 September 30, 2023, as compared to net cash used in investing activities of approximately \$0.7 million \$10.7 million for the six nine months ended June 30, 2022 September 30, 2022. For the six nine months ended June 30, 2023 September 30, 2023 and 2022, asset acquisitions purchases of investments for net cash outlays totaling approximately \$0.7 million and \$0.4 million, respectively, additions to software-related property and equipment were the primary drivers totaling approximately \$0.8 million and \$0.4 million, respectively, and purchases of the net cash used in investing activities. For the six months ended June 30, 2022 investments totaling approximately \$0.4 million and \$9.9 million, asset acquisitions and additions to software-related property and equipment respectively, were the primary drivers of the net cash used in investing activities. The increase decrease in net cash used in investing activities for the six nine months ended June 30, 2023 September 30, 2023 compared to the six nine months ended June 30, 2022 September 30, 2022 was primarily due to purchases of investments and additions to software-related property and equipment. investments.

Net cash used in financing activities was approximately \$0.6 million for the six nine months ended June 30, 2023 September 30, 2023, as compared to net cash used in financing activities of approximately \$1.1 million \$2.7 million for the six nine months ended June 30, 2022 September 30, 2022. For the six nine months ended June 30, 2023 September 30, 2023, net cash used in financing activities consisted primarily of payments related to a contingent earn-out liability. For the six nine months ended June 30, 2022 September 30, 2022, net cash used in financing activities consisted primarily of payments related to a contingent earn-out liability of approximately \$0.5 million and the repurchase of our common stock under our stock repurchase program for approximately \$3.2 million, offset by net proceeds received from the exercise of our publicly-traded warrants, warrants of approximately \$1.0 million. The decrease in net cash used in financing activities was primarily due to the non-recurrence of repurchases of our common stock under our stock repurchase program during the six nine months ended June 30, 2023 September 30, 2023.

Stock Repurchase Program

As initially announced on February 23, 2022, under our stock repurchase program, we may repurchase up to \$10 million of our outstanding shares of common stock from time to time in the open market, in accordance with all applicable securities laws and regulations, including Rule 10b-18. Our decision to repurchase our shares, as well as the timing of such repurchases, will depend on a variety of factors that include ongoing assessments of our capital needs, market conditions and the price of our common stock, and other corporate considerations, as determined by management. Repurchases will also only be made in accordance with the Company's insider trading policy as if such purchases were made by a person covered by the policy. Our insider trading policy generally permits insider purchases of our stock only during the period beginning on the second business day following the day of public release of our quarterly or annual earnings and ending on the last day of the then-current quarter. There is no defined number of shares to be repurchased over a specified timeframe through the life of the stock repurchase program. The repurchase authorization has no expiration date but may be suspended or discontinued at any time. Stock repurchases are paid using cash generated by operations.

In connection with our stock repurchase program, on May 23, 2022, we announced that we had established a trading plan with B. Riley intended to qualify under Rule 10b-18. In May 2023, we renewed the trading plan. The trading plan instructs B. Riley to repurchase shares of common stock for our account in accordance with Rule 10b-18 and our instructions. Repurchases under the trading plan may continue until the trading plan terminates in June 2024 unless terminated earlier or extended.

As of June 30, 2023 September 30, 2023, we had repurchased a total of 1,777,657 1,797,159 shares of common stock for total payments of \$3,332,405, \$3,356,711, and \$6,667,595 \$6,643,289 remained available under the stock repurchase program for future stock repurchases. During the three months ended June 30, 2023 September 30, 2023, we did not repurchase any shares. repurchased a total of 19,502 shares for aggregate payments of \$24,306 under the Trading Plan.

Debt

On November 22, 2021, we entered into a Revolving Demand Line of Credit Loan Agreement (the "Line of Credit Agreement"), with Salem Five Cents Savings Bank (the "Lender"), for aggregate loans of up to \$7 million (the "Line of Credit"), evidenced by a Revolving Demand Line of Credit Note, also dated November 22, 2021 (the "Note"). The Line of Credit and Note are secured by a first priority security interest in all assets and property of the Company, as provided in the Security Agreement, also dated November 22, 2021, between the Lender and the Borrower (the "Security Agreement" and together with the Line of Credit Agreement and the Note, the "Line of Credit Documents"), and as described below.

The amount available under the Line of Credit is the lesser of \$7.0 million or the sum of (x) 80% of the then-outstanding amount of Eligible Accounts (as defined below), plus (y) 50% of Eligible Inventory (as defined below); minus 100% of the aggregate amount then drawn under the Line of Credit for the account of the Company. In addition, advances based upon Eligible Inventory must be capped at all times at \$2,000,000. "Eligible Accounts" are defined as accounts that meet a number of requirements, including, unless otherwise approved by the Lender, being less than 90 days from the date of invoice not subject to any prior assignment, claim, lien, or security interest, not subject to set-off, credit, allowance or adjustment by the account debtor, arose in the ordinary course of the Company's business, not an intercompany obligation, not subject to notice of bankruptcy or insolvency of the account debtor, not owed by an account debtor whose principal place of business is outside the United States, not a government account, not be evidenced by promissory notes, and not one of the accounts owed by an account debtor 25% or more of whose accounts are 90 or more days past invoice date; or otherwise not deemed acceptable by the Lender in accordance with its normal credit policies. "Eligible Inventory" means all finished goods, work in progress and raw materials and component parts of inventory owned by the Company. It does not include any inventory held on consignment or not otherwise owned by the Company; any inventory which has been returned by a customer or is damaged or subject to any legal encumbrances other than a first priority security interest held by the Company; any inventory which is not in the possession of the Company; any inventory which is held by the Company on property leased by the Company unless the Lender has received a landlord lien waiver and collateral access agreement from the lessor of such property satisfactory to the Lender; any inventory which is not located within the United States; any inventory which the Lender reasonably deems to be obsolete or non-marketable; and any inventory not subject to a first priority fully perfected lien held by the Lender.

The Line of Credit is subject to interest at the prime rate plus 0.5% per annum. The Company must repay interest on Line of Credit proceeds on a monthly basis. The Line of Credit will continue indefinitely, subject to the Lender's demand rights and the Company's ongoing affirmative and other obligations under the Line of Credit Documents, as summarized below.

The Company may freely draw upon the Line of Credit subject to the Lender's right to demand complete repayment of the Line of Credit at any time. Late payments are subject to a late payment charge of 5%. In the event of failure to repay the Line of Credit after the Lender makes demand for full repayment, the interest rate will increase by 10%. The Note may be prepaid at any time without penalty. The Lender may assign the Note without the Company's consent.

Under the Security Agreement and the other Line of Credit Documents, the Company granted the Lender a first priority security interest in all of its assets, including both assets owned as of the date of the Line of Credit and afterwards, as collateral for full repayment of the Line of Credit. The Lender may file Uniform Commercial Code financing statements with any jurisdiction and with sufficient descriptions of the property to perfect its security interest in all of the Company's current and future assets. Upon default of the Line of Credit, the Lender may accelerate repayment of the Line of Credit, take possession of the Company's assets, assign a receiver over the Company's assets, and enforce other rights as to the Company's assets as secured creditor. The Company must pay for all of the Lender's reasonable legal fees and expenses incurred to enforce its rights under the Line of Credit Documents.

Under the Line of Credit Agreement, the Company is required to continue its current business of outsourced marketing solutions, and, without the prior consent of the Lender, the Company may not acquire in whole or in part any other company or business and shall not engage in any other business or open any other locations. The Company must use the proceeds of the Line of Credit only in connection with the general and ordinary operations of its business and for the purpose of general working capital for accounts receivable and inventory purchases.

The Line of Credit is also subject to ongoing affirmative obligations of the Company, including: Making punctual repayment of the Line of Credit amount; maintaining proper accounting books and records in accordance with the opinion of LMHS, P.C. or another Certified Public Accountant acceptable to the Lender; allowing the Lender to inspect its accounting books and records; furnishing audited, quarterly, monthly and other financial statements to the Lender; making payment of Lender's reasonable expenses for a field exam in 2022; allowing the Lender to communicate with its accountants; maintaining its properties in good repair subject to ordinary wear and tear; obtaining replacement-cost insurance for its property with the Lender as Mortgagee/Loss Payee; causing management contracts for the Company's properties to be subordinated to the rights of the Lender; and allowing no change of property management company without the prior written consent of the Lender.

The Line of Credit is further subject to the Company meeting the following financial requirements: (a) "Debt Service Coverage Ratio" defined as cash flow to be calculated on an annual basis of at least 1.20 times EBITDA less cash taxes, distributions, dividends, shareholder withdrawals in any form, and unfinanced CAPEX divided by all scheduled principal payments on all debt plus cash interest payments made on all debt; and (b) "Minimum Net Worth" defined as minimum net worth of \$2,000,000 at December 31, 2021, \$2,750,000 at December 31, 2022, and \$3,500,000 at December 31, 2023.

The Company also may not incur any additional indebtedness, secured or unsecured, except in the ordinary course of business; make loans or advances to others or guarantee others' obligations except for certain ordinary advances to employees or ordinary customer credit terms; make investments; acquire any business; make capital expenditures except in the ordinary course of business; sell any material assets except in the ordinary course of business; or grant any security interests or mortgages in its properties or assets.

The foregoing summary of the Line of Credit Agreement, the Note, and the Security Agreement is qualified in its entirety by reference to the full text of the Line of Credit Agreement, the Note, and the Security Agreement, copies of which are attached as Exhibits 10.1, 10.2 10.30, 10.31 and 10.3 10.32 to our Current Annual Report on Form 8-K filed with 10-K for the SEC on November 26, 2021 fiscal year ended December 31, 2022.

In connection with the Line of Credit Agreement, on November 22, 2021, the Company, the Lender and Harte Hanks Response Management/ Boston, Inc. (the "Warehouse Provider"), the lessor of certain warehouse facilities to the Company, executed a Warehouseman's Waiver in favor of the Lender (the "Warehouseman's Waiver"). Under the Warehouseman's Waiver, the Warehouse Provider disclaimed any interest in the property of the Company stored on the premises (the "Collateral"), and agreed not to interfere with the Lender's enforcement of its rights in the Collateral. The Warehouse Provider further agreed to provide notice to the Lender of any default by the Company of its obligations as to the Warehouse Provider, and to give the Lender at least 30 days to exercise its rights, which period may be extended by the Lender up to 60 days upon its payment of the per-diem rental amount. After that period, unless the default has been cured by the Lender, the Warehouse Provider may dispose of such Collateral as it deems fit. Upon the receipt of written notice from the Lender and until such notice is rescinded, the Warehouse Provider shall only honor instructions from the Lender with respect to the Collateral, including any direction from the Lender to dispose of all or any portion of the Collateral at any time, without any further consent or instruction from Company.

The foregoing summary of the Warehouseman's Waiver is qualified in its entirety by reference to the full text of the Warehouseman's Waiver, a copy of which is attached as Exhibit 10.4 10.33 to our Current Annual Report on Form 8-K filed with 10-K for the SEC on November 26, 2021 fiscal year ended December 31, 2022.

As of June 30, 2023 September 30, 2023 and December 31, 2022, we had not drawn any funds from the Line of Credit under the Line of Credit Agreement.

Wildman Imprints Assets Acquisition

On August 24, 2020, we entered into an Asset Purchase Agreement or the WBG (the “Wildman Imprints Asset Purchase Agreement, Agreement”), to acquire inventory, fixed assets, and a customer list of Wildman Imprints. The acquisition closed on September 26, 2020. In connection with the asset acquisition, the customer list was purchased in part under the following earn-out payment terms. The required earn-out payments are equal to 15% of the Gross Profit (as defined by the WBG Wildman Imprints Asset Purchase Agreement) earned from the sale of product to the customer list for the first year following the date of the agreement and 30% for the second and third years following the date of the agreement. Earn-out payments are due within 30 days of the anniversary date of the agreement for the first year and within 30 days of each quarter for the second and third year following the date of the agreement. Any additional Wildman Imprints accounts with a strong history that are purchased will have the same earn-out terms. Additional payments are due for certain referred accounts in the amount of 5% of sales for the first year following the referral date, 3% of sales for the second year following the referral date, and 1% of sales for the third year following the referral date. At June 30, 2023, September 30, 2023 and December 31, 2022, the current portion of the earn-out liability amounted to \$255,051, \$151,441 and \$742,874, respectively.

In connection with the asset acquisition, we also had an amount due to the seller under a note in the amount of \$162,358 as of December 31, 2022 for the inventory and property and equipment purchased. This amount accrued no interest, and was to be paid “as used” on a quarterly basis through the three-year earn-out period. As of September 30, 2023, the note was forgiven in full. We expect no deficiencies in our ability to make the payments required under the asset purchase agreement. The aggregate purchase price was \$2,937,222, as follows:

Fair Value of Identifiable Assets Acquired:

Inventory	\$	649,433
Property and Equipment		34,099
Intangible - Customer List		2,253,690
Total	\$	2,937,222

Consideration Paid:

Cash		521,174
Note Payable - Wildman		162,358
Contingent Earn-Out Liability		2,253,690
Total	\$	2,937,222

For further discussion see Notes J, M and N to our financial statements beginning on page 1 of this Quarterly Report. The foregoing description of the WBG Wildman Imprints Asset Purchase Agreement and the related acquired assets is qualified in its entirety by reference to the full text of the WBG Wildman Imprints Asset Purchase Agreement, a copy of which is attached as Exhibit 10.1 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

In connection with the asset acquisition, we also had an amount due to the seller under a note in the amount of \$162,358 as of June 30, 2023 and December 31, 2022 for the inventory and property and equipment purchased. This amount accrues no interest, and is to be paid "as used" on a quarterly basis through the three-year earn-out period. The Company anticipates that the note will be paid in full in 2023, accordingly the note payable has been classified as current on the balance sheet as of June 30, 2023. We expect no deficiencies in our ability to make the payments required under the asset purchase agreement. The aggregate purchase price was \$2,937,222, as follows:

Fair Value of Identifiable Assets Acquired:

Inventory	\$	649,433
Property and Equipment		34,099
Intangible - Customer List		2,253,690
Total	\$	2,937,222

Consideration Paid:

Cash		521,174
Note Payable - Wildman		162,358
Contingent Earn-Out Liability		2,253,690
Total	\$	2,937,222

For further discussion see Notes J, M and N to our financial statements beginning on page 1 of this Quarterly Report.

G.A.P. Promotions Assets Acquisition

On January 31, 2022, the Company closed on an asset purchase agreement, dated as of January 21, 2022, as amended on January 31, 2022, to acquire inventory, working capital, and a customer list from G.A.P. Promotions or the G.A.P. (the "G.A.P. Promotions Asset Purchase Agreement"). The purchase price included cash payments as follows: \$500,000 in cash, subject to adjustment, plus additional cash for the certain inventory on hand at cost; \$180,000 due January 31, 2023; and \$300,000 due January 31, 2024. The Company also issued 46,083 shares of restricted common stock to the principal owner of G.A.P. Promotions.

The seller is also entitled to receive the following earn-out payments to the extent that the acquired business achieves the applicable Gross Profit (as defined by the G.A.P. Promotions Asset Purchase Agreement) targets: (1) An earn-out payment equal to 70% of annual Gross Profit of the acquired business to the extent Gross Profit is above \$1,500,000 for the trailing 12-month period from the first anniversary of the closing date, subject to deductions for certain inventory and accounts receivables that are not purchased or paid for by customers; and (2) an earn-out payment equal to 70% of annual Gross Profit of the acquired business to the extent Gross Profit is above \$1,500,000 for the trailing 12-month period from the second anniversary of the Closing Date. Earn-out payments are due within 30 days from the date on which they are determined to be owed.

In accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 805, "Business Combinations" ("FASB ASC 805"), the acquisition method of accounting has been applied and recognition of the assets acquired has been determined at fair value as of the acquisition date. All acquisition costs have been expensed as incurred. The consideration paid has been allocated to the assets acquired based on their estimated fair values at the acquisition date. The estimate of fair values for tangible assets acquired was agreed to by both buyer and seller. The aggregate purchase price was \$3,245,872, as of June 30, 2023, follows:

Fair Value of Identifiable Assets Acquired:

Inventory	\$	91,096
Working Capital		879,486
Intangible - Customer List		2,275,290
Total	\$	3,245,872

Consideration Paid:

Cash		1,510,872
Restricted Stock		100,000
Contingent Earn-Out Liability		1,635,000
Total	\$	3,245,872

For further discussion relating to this transaction, see Notes J and N to our financial statements beginning on page 1 of this Quarterly Report on Form 10-Q, Item 1.01 of our Current Report on Form 8-K filed with the SEC on January 26, 2022, and Items 1.01 and 2.01 of our Current Report on Form 8-K filed with the SEC on February 1, 2022, 10-Q. The foregoing description of the G.A.P. Promotions Asset Purchase Agreement and assets acquired from G.A.P. Promotions is qualified in its entirety by the full text of the asset purchase agreement and amendment thereto, which are filed as Exhibit 2.1 and Exhibit 2.2 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, respectively.

Trend Brand Solutions Assets Acquisition

On August 31, 2022, the Company closed on an asset purchase agreement, dated as of July 13, 2022, as amended on August 31, 2022, to acquire cash, accounts receivable, inventory, fixed assets, and a customer list from Trend Brand Solutions or the Trend (the "Trend Asset Purchase Agreement").

The purchase price included cash payments as follows: \$175,000 in cash, plus additional cash for the certain inventory on hand at cost and the depreciated value of certain fixed assets, on the closing date; \$37,500 within 45 days of August 31, 2023, (ii) \$37,500 within 45 days of August 31, 2024, (iii) \$25,000 within 45 days of August 31, 2025, and (iv) \$25,000 within 45 days of August 31, 2026. These amounts are subject to deductions for certain outstanding indebtedness and unsold inventory and working capital adjustments. Pursuant to the Trend Asset Purchase Agreement, prior to closing, the Company also made a short-term loan to the seller of \$162,174.66 for the repayment of the seller's existing loan to the U.S. Small Business Administration in the same amount (the "SBA Note"). At the closing, the SBA Note was repaid by deduction from the cash purchase price. The Company also issued 54,642 shares of restricted common stock to the principal stockholder of Trend Brand Solutions.

The seller is also entitled to receive up to four annual earn-out payments in an amount equal to 40% of annual Gross Profit (as defined by the Trend Asset Purchase Agreement) of the acquired business to the extent that Gross Profit is in excess of \$800,000, such annual Gross Profit to be determined based on the immediately trailing 12-month period prior to the applicable closing date anniversary. If the seller is determined to be entitled to an earn-out payment, such earn-out payment will be paid on the date that is ten days from the date of such determination.

In accordance with FASB ASC 805, the acquisition method of accounting has been applied and recognition of the assets acquired has been determined at fair value as of the acquisition date. All acquisition costs have been expensed as incurred. The consideration paid has been allocated to the assets acquired based on their estimated fair values at the acquisition date. The estimate of fair values for tangible assets acquired was agreed to by both buyer and seller. The aggregate purchase price was \$2,193,166, as of June 30, 2023, follows:

Fair Value of Identifiable Assets Acquired:

Cash	\$	63,624
Accounts Receivable		346,822
Inventory		108,445
Fixed Assets		14,444
Intangible – Customer List		1,659,831
Total	\$	2,193,166

Consideration Paid:

Cash	\$	1,488
Assumption of Liabilities		721,334
Restricted Stock		100,000
Contingent Earn-Out Liability		1,370,344
Total	\$	2,193,166

For further discussion see Notes J and N to our financial statements beginning on page 1 of this Quarterly Report on Form 10-Q, Item 1.01 of our Current Report on Form 8-K filed with the SEC on July 19, 2022, and Items 1.01 and 2.01 of our Current Report on Form 8-K filed with the SEC on September 7, 2022. The foregoing description of the Trend Asset Purchase Agreement and assets acquired from Trend Brand Solutions is qualified in its entirety by the full text of the asset purchase agreement and amendment thereto, which are filed as Exhibit 2.3 and Exhibit 2.4 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, respectively.

Premier NYC Assets Acquisition

On December 20, 2022, the Company closed on an asset purchase agreement, dated as of November 29, 2022, or the Premier (the "Premier NYC Asset Purchase Agreement, Agreement"), to acquire cash, accounts receivable, and a customer list from Premier NYC.

The purchase price included cash payments as follows: \$100,000 in cash, subject to working capital adjustments, on the closing date; \$60,000 within 30 days of December 20, 2023, (ii) \$40,000 within 30 days of December 20, 2024, and (iii) \$30,000 within 30 days of December 20, 2025. These amounts are subject to deductions for certain outstanding indebtedness.

The seller is also entitled to receive up to three annual earn-out payments in an amount equal to 45% of annual Gross Profit (as defined by the Premier NYC Asset Purchase Agreement) of the acquired business to the extent that Gross Profit is in excess of \$350,000, such annual Gross Profit to be determined based on the immediately trailing 12-month period prior to the applicable closing date anniversary. If the seller is determined to be entitled to an earn-out payment, such earn-out payment will be paid on the date that is ten days from the date of such determination.

In accordance with FASB ASC 805, the acquisition method of accounting has been applied and recognition of the assets acquired has been determined at fair value as of the acquisition date. All acquisition costs have been expensed as incurred. The consideration paid has been allocated to the assets acquired based on their estimated fair values at the acquisition date. The estimate of fair values for tangible assets acquired was agreed to by both buyer and seller. The aggregate purchase price was \$1,390,533, as of June 30, 2023, follows:

Fair Value of Identifiable Assets Acquired:

Cash	\$	13,855
Restricted Stock		344,078
Contingent Earn-Out Liability		1,032,600
Total	\$	1,390,533

Consideration Paid:

Cash	\$	440,025
Assumption of Liabilities		17,908
Restricted Stock		25,000
Contingent Earn-Out Liability		907,600
Total	\$	1,390,533

For further discussion see Notes J and N to our financial statements beginning on page 1 of this Quarterly Report on Form 10-Q.

T R Miller Asset Acquisition Agreement

As previously reported in our Current Report on Form 8-K filed on January 31, 2023 (the "January 2023 Form 8-K"), on January 25, 2023, we entered into an Asset Purchase Agreement (the "T R Miller Purchase Agreement") with T R Miller and Thomas R. Miller (the "Miller Stockholder"), pursuant to which we agreed to acquire substantially all of the assets of T R Miller used in T R Miller's branding, marketing and promotional products and services business (the "T R Miller Business"). The T R Miller Business had existing operations and generated revenues. As previously reported, the T R Miller Purchase Agreement provided that the aggregate purchase price for the T R Miller Business would consist of cash payments by the Company to T R Miller at and following the consummation of the transactions contemplated by the T R Miller Purchase Agreement (the "T R Miller Closing"), subject to certain adjustments, as described in the January 2023 Form 8-K.

As previously reported in our Current Report on Form 8-K filed on June 1, 2023 (the "June 2023 Form 8-K"), on June 1, 2023, the T R Miller Closing was completed. Pursuant to the T R Miller Purchase Agreement, the Company paid T R Miller \$2,154,230.21 in cash, reflecting the purchase price of \$1,000,000 as adjusted by a \$1,123,071.82 working capital adjustment; no adjustment for indebtedness as of the date and time of the T R Miller Closing (the "T R Miller Closing Date") that was not part of the Assumed Liabilities (as defined in the T R Miller Purchase Agreement); no separate amount for any Inventory (as defined in the T R Miller Purchase Agreement) that was on hand and owned by Seller as of the T R Miller Closing Date, as such amount was included in the working capital adjustment; and first and last month's rent under the Miller Lease Agreement (as defined below) of \$14,962.50 and \$16,195.89, respectively.

Following the T R Miller Closing, the Company will make (a) installment payments equal to (i) \$400,000 on the first anniversary of the T R Miller Closing Date, (ii) \$300,000 on the second anniversary of the T R Miller Closing Date, (iii) \$200,000 on the third anniversary of the T R Miller Closing Date, and (iv) \$200,000 on the fourth anniversary of the T R Miller Closing Date, each such installment payment subject to adjustment for certain uncollected accounts receivable amounts outstanding after the first 12 months following the T R Miller Closing; and (b) four annual earn-out payments, each equal to (i) 45% of the annual Gross Profit (as defined in the T R Miller Purchase Agreement) of T R Miller above \$4,000,000 with respect to certain customers of T R Miller or primarily resulting from the efforts of the Miller Stockholder or certain employees or independent contractors of T R Miller, plus (ii) 25% of the annual Gross Profit above \$4,000,000 with respect to customers primarily resulting from the past or future efforts of the Company that are assigned to and primary responsibility of any employee or independent contractor of T R Miller as designated by the T R Miller Purchase Agreement, for the trailing 12-month period, as of the first, second, third, and fourth anniversary of the T R Miller Closing Date, each such Earn Out Payment subject to adjustment as set forth in the T R Miller Purchase Agreement.

The timing and manner of the remaining working capital adjustments or payments and the earn-out payments, and the resolution of any disagreements as to such adjustments or payments, will follow the procedures provided by the T R Miller Purchase Agreement.

In addition, as of the T R Miller Closing Date, the Company undertook to perform or otherwise pay, satisfy and discharge as of the T R Miller Closing the Assumed Liabilities (as defined in the T R Miller Purchase Agreement).

The T R Miller Purchase Agreement also contained additional representations, warranties, covenants, indemnification provisions and other terms which are described in the January 2023 Form 8-K.

Pursuant to the T R Miller Purchase Agreement, in connection with the T R Miller Closing, the Company, as tenant, and Miller Family Walpole LLC, as landlord (the "Miller Landlord"), entered into a lease agreement for a warehouse facility used by the T R Miller Business, dated May 31, 2023 (the "Miller Lease Agreement"). The Miller Lease Agreement provides for base rent of \$179,550.00 in the first year of the lease and an increase of 2% per annum in each subsequent year. We may extend the term for an additional five years upon the same base rent terms upon 12 months' notice. We will be responsible for all property and other taxes and expenses related to the facility except for maintenance of certain structural elements. The initial lease term commenced on June 1, 2023 and terminates on May 31, 2028. We may assign our rights to the lease and property at the facility as collateral to a lender. The Miller Landlord is also required to execute a landlord lien waiver and collateral access agreement upon request. The Miller Lease Agreement contains provisions for minimum insurance, mutual indemnification from certain claims relating to the Miller Lease Agreement, and customary default and related termination and remedy provisions. The foregoing description of the Miller Lease Agreement is qualified in its entirety by reference to the full text of the agreement, a copy of which is filed as Exhibit 10.1 to the June 2023 Current Report.

In addition, the Company entered into (i) a consulting agreement with the Miller Stockholder providing for certain consulting services to the Company for a period of three years following the T R Miller Closing Date and (ii) an employment agreement with Stacy Miller.

The foregoing references to the terms and conditions of the T R Miller Purchase Agreement do not purport to be complete and are qualified in their entirety by reference to the January 2023 Form 8-K, and to the full text of the agreement, a copy of which is attached to the January 2023 Form 8-K as Exhibit 2.1.

There were no material relationships, other than in respect of the transaction, between T R Miller, the Miller Stockholder, and the Company or any of the Company's affiliates, including any director or officer of the Company, or any associate of any director or officer of the Company.

Property Leases

The following is a schedule by years of future minimum lease payments:

2024	\$ 501,393	\$ 504,630
2025	482,074	399,245
2026	187,115	188,359
2027	190,854	192,126
2028	161,960	97,176
	<u>\$ 1,523,396</u>	<u>\$ 1,381,536</u>

Rent expense for the six nine months ended June 30, 2023 September 30, 2023 and 2022 totaled \$220,712 \$383,190 and \$221,901, \$333,072, respectively. We anticipate no deficiencies in our ability to make these payments.

Other Cash Obligations

The Company manages reward card programs for clients. Under these programs, the Company receives cash and simultaneously records a liability for the total amount received. These accounts are adjusted on a periodic basis as reward cards are funded or reduced at the direction of the customers. At June 30, 2023 September 30, 2023 and December 31, 2022, the Company had net deposits totaling \$8,875,000 \$2,750,000 and \$6,000,000, respectively.

Our other principal cash payment obligations have consisted principally of obligations under the Line of Credit described above. As stated above, as of June 30, 2023 September 30, 2023 and December 31, 2022, we had not drawn any funds from the Line of Credit under the Line of Credit Agreement.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies and Estimates

We prepare our financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"). The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statements presentation, financial condition, results of operations, and cash flows will be affected.

We believe that the assumptions and estimates associated with investments, inventory valuation, intangible assets, revenue recognition, stock-based compensation expense and income taxes have the greatest potential impact on our financial statements. Therefore, we consider these to be our critical accounting policies and estimates. For further information on all of our significant accounting policies, see Notes A.3. through A.20. to our financial statements beginning on page 1 of this Quarterly Report on Form 10-Q.

Investments

Our investments consist of U.S. treasury bills, corporate bonds, and money market funds. We classify our investments as available-for-sale and record these investments at fair value. Investments with an original maturity of greater than three months at the date of purchase and less than one year from the date of the balance sheet are classified as current and those with maturities of more than one year from the date of the balance sheet are classified as long-term in the consolidated balance sheet.

Inventory Valuation

Inventory consists of finished goods (branded products) and goods in process (un-branded products awaiting decoration). All inventory is stated at the lower of cost (first-in, first-out method) or market value.

Intangible Assets - Customer List

The Company accounts for intangible assets under the provision of ASC 350-20 "Accounting for Goodwill and Other Intangible Assets." The provision establishes standards for valuation and amortization of unidentifiable assets.

Under ASC 350-20-35-1, the cost of unidentifiable intangible assets is measured by the excess cost over the fair value of net assets acquired. Intangible assets with indefinite useful lives shall not be amortized until its useful life is determined to be no longer infinite. The intangible assets are evaluated when a triggering event occurs, at least annually, for potential impairment.

Revenue Recognition

In accordance with Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), we recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The guidance defines a five-step process to achieve this core principle and, in doing so, judgment and estimates may be required within the revenue recognition process including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. Generally, we recognize revenue when there is persuasive evidence that an arrangement exists, title and risk of loss have passed, delivery has occurred or the services have been rendered, the sales price is fixed or determinable and collection of the related receivable is reasonably assured. Title and risk of loss generally pass to our customers upon shipment. In limited circumstances where either title or risk of loss pass upon destination or acceptance or when collection is not reasonably assured, we defer revenue recognition until such events occur.

We input orders based upon receipt of a customer purchase order, confirm pricing through the customer purchase order, validate credit worthiness through past payment history or other financial data and record revenue upon shipment of goods and when risk of loss and title transfer.

Stock-Based Compensation

We account for stock-based compensation under ASC Topic 718, *Compensation-Stock Compensation*, which requires us to record related compensation costs in the statement of operations. Calculating the fair value of stock-based compensation awards requires the input of highly subjective assumptions, including the expected life of the awards and expected volatility of our stock price. Expected volatility is a statistical measure of the amount by which a stock price is expected to fluctuate during a period. Our estimates of expected volatilities are based on weighted historical implied volatility. The expected forfeiture rate applied in calculating stock-based compensation cost is estimated using historical data and is updated annually.

The assumptions used in calculating the fair value of stock-based awards involve estimates that require management judgment. If factors change and we use different assumptions, our stock-based compensation expense could change significantly in the future. In addition, if our actual forfeiture rate is different from our estimate, our stock-based compensation expense could change significantly in the future.

Income Taxes

We account for income taxes using the asset and liability method in accordance with ASC Topic 740, *Income Taxes*, which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, we must make estimates and judgments in determining the provision for taxes for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, benefits, and deductions, and in the calculation of certain tax assets and liabilities that arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes, as well as the interest and penalties related to uncertain tax positions. In addition, the Company operates within multiple tax jurisdictions and is subject to audit in these jurisdictions. Significant changes in these estimates may result in an increase or decrease to our tax provision in a subsequent period. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We assess the likelihood that our deferred tax assets will be recovered from future taxable income and to the extent we believe that recovery is not determinable beyond a "more likely than not" standard.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. If we determine that a tax position will more likely than not fail to be sustained on audit, the second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as we have to determine the probability of various hypothetical outcomes. We re-evaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors such as changes in facts or circumstances, changes in tax law, new audit activity, and effectively settled issues. Determining whether an uncertain tax position is effectively settled requires judgment. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision in the period in which a change in judgment occurs.

Recent Accounting Pronouncements

For a discussion of recently adopted accounting pronouncements, see *Recent Accounting Pronouncements* in Note A.21. to our financial statements beginning on page 1 of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(e) of the Exchange Act, our management has carried out an evaluation, with the participation and under the supervision of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as of **June 30, 2023** **September 30, 2023**. Based upon, and as of the date of this evaluation, our Chief Executive Officer and Chief Financial Officer determined that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in applicable rules and forms and is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

There have been no changes in our internal control over financial reporting during the three months ended **June 30, 2023** **September 30, 2023** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
PART II OTHER INFORMATION

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these, or other matters, may arise from time to time that may harm our business. We are not currently aware of any such legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition or operating results.

ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, AND USE OF PROCEEDS. PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES.

Unregistered Sales of Equity Securities

During the three months ended June 30, 2023 September 30, 2023, we did not sell any equity securities that were not registered under the Securities Act and that were not previously disclosed under Item 3.02 in a Current Report on Form 8-K.

Purchases of Equity Securities

No The following table provides information about our repurchases of our common stock were made during the three months ended June 30, 2023. For a description of the Company's stock repurchase program, see "Part I. Financial Information – Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. – Liquidity and Capital Resources – Stock Repurchase Program". September 30, 2023:

			Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs ⁽¹⁾
Period	Total Number of Shares Purchased	Average Price Paid per Share		
July 1, 2023 – July 31, 2023	-	\$ -	1,777,657	\$ 6,667,595
August 1, 2023 – August 31, 2023	8,442	\$ 1.23	1,786,099	\$ 6,656,996
September 1, 2023 – September 30, 2023	11,060	\$ 1.21	1,797,159	\$ 6,643,289

(1) For a description of the Company's stock repurchase program, see "Part I. Financial Information – Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. – Liquidity and Capital Resources – Stock Repurchase Program".

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

We have no information to disclose that was required to be disclosed in a Current Report on Form 8-K during the three months ended June 30, 2023 September 30, 2023 but was not reported. There have been no material changes to the procedures by which security holders may recommend nominees to our board of directors where those changes were implemented after the Company last provided disclosure of such procedures.

ITEM 6. EXHIBITS.

Exhibit No.	Description
2.1	Asset Purchase Agreement, dated as of January 25, 2023, by and among Stran & Company, Inc., T R Miller Co., Inc. and Thomas R. Miller (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on January 31, 2023)
3.1	Articles of Incorporation of Stran & Company, Inc. (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 filed on October 7, 2021)
3.2	Amended and Restated Bylaws of Stran & Company, Inc. (incorporated by reference to Exhibit 3.2 to the Amendment No.1 to Registration Statement on Form S-1 filed on October 22, 2021)
10.1 10.1†	Land and Building Lease Employment Agreement dated May 31, 2023, between Miller Family Walpole LLC and Stran & Company, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on June 1, 2023) and David Leuci, dated August 14, 2023
31.1*	Certifications of Principal Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certifications of Principal Financial and Accounting Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certifications of Principal Executive Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certifications of Principal Financial and Accounting Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*† Filed herewith Executive compensation plan or arrangement

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 14, 2023 November 6, 2023

STRAN & COMPANY, INC.

/s/ Andrew Shape

Name: Andrew Shape

Title: Chief Executive Officer and President

(Principal
Executive
Officer)

/s/ David Browner

Name: David Browner

Title: Chief Financial Officer

(Principal Accounting and Financial Officer)

43 45

Exhibit 31.1 10.1

August 14, 2023

David Leuci

4 Wingate Lane

Acton, MA 01720

Email: dleuci@comcast.net

Phone: (617) 283-4559

Dear David,

STRAN and Company, Inc. (Stran Promotional Solutions) is pleased to extend you an offer for the position of **Chief Information Officer (CIO)** to begin employment at a mutually agreeable time.

Position: Chief Information Officer (CIO). In this position, you will provide sound technical and strategic leadership while overseeing the direction and oversight for the company's IT operations and communications aiming to improve processes within the company. The CIO will also provide direction and oversight for the development, implementation, and dissemination of technology for external customers, vendors, and other clients. You will delegate tasks and responsibilities to other Stran employees, while communicating directly with stakeholders and customers to ensure our company's technologies are performing or exceeding their intended objective. This is a vital leadership role that will drive results, spur growth, and increase the overall profitability and efficiency of Stran. The four primary technology components that you will oversee currently consist of the following categories:

- **Internal operations** oversee the company's technology infrastructure that allow the order processes to flow smoothly and efficiently while implementing automation wherever possible. (NetSuite ERP, API integrations between vendors and 3PL's, enablement of Promo Standards, Product search, CRM and presentation tools, etc. We need to optimize our technology and the processes we use to allow for efficient workflows, reduce friction and create capacity within our team.
- **Customer facing technology and e-commerce** that makes it easier for our customers to do business with Stran and is a value-added differentiator. These are both custom developed and industry specific solutions (Magento, Shopify, WebJaguar, OMG, BrightStores) that enable the requirements of our clients.
- **General IT** tools needed for Stran employees to effectively function daily while remaining secure and compliant – in partnership with our current outsourced IT provider (computers, email, cloud network, connectivity, MS Teams, Jira, Trello, communication tools, telecommunications)
- **Public Facing Technology** as related to Stran's presence on the web (stran.com, Demand Gen, DAM, email blasts, Social Media platforms, etc).

Your overall efforts should build upon the foundation that we have developed to sustain our current overhead and continue to grow. Your success will be measured with quantifiable and measurable results compared to goals set forth and established together.

Reporting: This position will report to the CEO. You will also be expected to work with and be held accountable to the other department heads to understand how the different business units need to work with one another to make the company more effective.

Stran & Company - 2 Heritage Dr. - Quincy, MA 02171 - 800-833-33309 - www.stran.com

1. Mission:

- Develop technical aspects for Stran's strategy to ensure alignment with its short and long-term business goals.
- Create, document, and implement a clear and concise technology roadmap that is constantly reviewed, updated, and improved upon – while shared with the executive team.
- Discover, evaluate, and implement new technologies and infrastructures that create value and yield competitive advantages.
- Effectively and concisely communicate technology strategy to peers, employees, partners, vendors, and customers.
- Lead strategic planning for the IT department personnel structure, roles, responsibilities, and skillsets required.
- Play an integral role in the ongoing management and oversight of NetSuite as Stran's ERP – ensuring that processes are established and followed efficiently and appropriately.
- Strategically build out, streamline, and manage Stran's e-commerce offerings that currently includes multiple platforms including Magento, Shopify, WebJaguar, FAST, nexTouch, BrightStores, CoreXpand. Collaborate with the COO and the Programs Management leader to create and support a programmatic offering that delivers new capabilities aligned to business strategy that is industry-leading, nimble and efficient.
- Managing, monitor, and enforce technology budgets and time frames.
- Ensure all technology practices adhere to regulatory standards.
- Ensuring technologies are being used efficiently, profitably, and securely companywide.
- Work with Executive team to strategize and understand company financials, business opportunities, and overall company direction while relaying appropriate information related to technology appropriately.
- Participate in the development and execution of strategic and tactical business plans that support the strategic initiatives across the organization.

2. Four major activities and the % of time.

Activity	% of Time
Internal Tech Operations and ERP management	40 %
e-Commerce strategy, development, execution, and management	40 %
General IT and Communication management	10 %
Public Facing Technology oversight and understanding	10 %

3. Supervision & Guidance:

CEO / President / Executive Vice President / Other C-Level Executives where appropriate

4. People Supervised:

Entire IT and e-commerce Department and specific operations team members if deemed appropriate.

5. Other leadership contacts in the Organization:

We expect you to work in partnership with each C-Level Executive and/or each department leader in order to accomplish your goals as well as accomplishing overall company goals.

Stran & Company - 2 Heritage Dr. - Quincy, MA 02171 - 800-833-33309 - www.stran.com

6. External Contacts:

Customers

Technology providers and outsourced developers

Suppliers & Partners

Other 3rd party service providers and 3PL's

7. Performance Criteria:

- Confidence from Executive team that you are strategically implementing and administering technology plans that will help us reach our short and long-term business goals.
- Confidence from employees that you are delivering solutions that help them do their jobs and keep our customers satisfied technologically.
- Confidence from customers that you are providing technology tools that differentiate Stran and helps them accomplish their e-commerce goals.
- Ability to show quantifiable results as related to the goals set out in the Technology Roadmap.
- Successful training and education of Stran employees for all technology offerings and the benefits, drawbacks, financials of each model.
- Ensure compliance and security measures are being met.

Compensation: Stran will provide you with an annual base salary of **\$265,000.00** with the potential for increases in salary and annual bonus based on the successful achievement of both personal and business-related goals as outlined below/attached.

Car and Phone Allowance: Stran will provide you with a monthly car and phone allowance of **\$750.00**.

Signing Bonus: **21,000 options** that vest over 2 years; 1/3 immediately, 1/3 each subsequent year.

Bonus Structure:

Stran would like to offer you a bonus structure that encompasses both personal goals and overall business goals. After the first year of employment, and each subsequent year, these goals and bonus figures will be reviewed to ensure that proper benchmarks and goals are a benefit to the organization, realistic, attainable, and fair for everyone.

Performance Bonus Structure: Stran has developed a 2024 bonus plan that ties directly to the overall sales, profitability, and growth of Stran. Stran expects significant year-over-year growth with relative increased profitability as our main success benchmark. Should the company achieve the goals as outlined below, you can expect a bonus based on these criteria. These benchmarks and bonus % are based on the current landscape (not including any future acquisitions) and will be adjusted each year based on changing business factors.

2023 Bonus: Based on the timing and limited time to make an immediate impact, 2023 bonus will be established within 30 days of the start date and prorated for the balance of the year ending 12/31/23. This structure will be developed in partnership with the CEO and CFO and will need approval by compensation committee once established.

Cash Bonuses (2024): Achieve the following goals OR at the discretion of the CEO and approval by compensation committee – reviewed and paid annually, based on fiscal year. Performance targets are based on Company sales, gross profit and net profit, as defined under GAAP and reported in the Company's annual 10-K financial statements. Target weighting is 10% on sales, 50% on gross profit and 40% on net profit.

Stran & Company - 2 Heritage Dr. - Quincy, MA 02171 - 800-833-33309 - www.stran.com

Your cash bonus is based on your base salary, with 5% of your base salary as a bonus if 95% of all target amounts are achieved, 20% if 100% of target amounts are achieved, 30% if 110% of target amounts are achieved and 40% if 120% of target amounts are achieved. For example, if Stran achieves sales of \$87.5 million, gross profit of \$26.25 million (30%) and net profit of \$1.312 million (1.5%), you will receive a cash bonus of \$53,000. If 120% of all targets are achieved, you will receive a cash bonus of \$106,000. Each target (sales, gross profit, net profit) are measured separately, allowing for example the opportunity to achieve one target for sales and another target for net profit, with the total cash bonus based on the weighting of the target achieved. Please refer to the attached excel file for additional information.

Stock Option Bonuses (2024): Achieve the following goals OR at the discretion of the CEO and approval by compensation committee – reviewed and paid annually, based on fiscal year.

100,000 stock options will be issued annually with an exercise price equal to the stock price at the time issuance. Such options will vest based on the achievement of the same annual targets set for the cash bonus for that year and based on the below:

- ☐ Sales target achieved: 15,000 options
- ☐ Gross profit target achieved: 15,000 options
- ☐ Net profit target achieved: 15,000 options
- ☐ 125% of net profit target achieved: 25,000 options
- ☐ 150% of net profit target achieved: 30,000 options

Any stock options or shares of the Company's common stock will follow all regulatory and compliance rules including filing a registration statement or restricting the sale or exercise of shares due to SEC, FINRA, Nasdaq or other regulatory requirements.

Non-solicitation:

Stran will execute a standard non-disclosure and non-solicitation agreement with you that will not restrict you from working within the promotional industry, but will require you to maintain confidentiality and refrain from soliciting current clients or employees that were existing or obtained during your employment with Stran.

Severance:

Should Stran terminate your employment within the first 2 years of your start date, you will be eligible for the following compensation benefits:

- (i) Year1. You will receive 4 months of your salary, paid per the company's current pay schedule during that time.
- (ii) Year2. You will receive 2 months of your salary, paid per the company's current pay schedule during that time.

Severance will not be applicable if you are terminated for "Cause". As used herein, "Cause" shall mean: (a) conviction of or plea of guilty or nolo contendere to a felony (b) commission of fraud or embezzlement on the Company or any of its subsidiaries; (c) willful act or omission which results in an assessment of a civil or criminal penalty against the Company or any of its subsidiaries that causes material financial or reputational harm to the Company or any of its subsidiaries; (d) any intentional act of dishonesty resulting or intending to result in personal gain or enrichment at the expense of the Company or any of its subsidiaries; (e) a violation by Executive of law (whether statutory, regulatory or common law), causing a material financial harm or material reputational harm to the Company or any of its subsidiaries; (f) a material violation by Executive of the Company's (or any of its subsidiaries') bona fide, written equal employment opportunity, antidiscrimination, anti-harassment, or anti-retaliation policies; (g) the Executive's consistent abuse of alcohol, prescription drugs or controlled substances, which interferes with the performance of her duties to the Company; or (i) excessive absenteeism of the Executive other than for reasons of illness.

Stran & Company - 2 Heritage Dr. - Quincy, MA 02171 - 800-833-33309 - www.stran.com

Benefits: Stran offers Medical Care Coverage under an HMO or PPO plan whereby the company contributes 65% of the monthly premium if you choose to participate. Stran provides life insurance and short-term disability as outlined in our benefits package. Stran also offers a Section 125 Flexible Spending Account and elective participation in dental insurance and long-term disability programs. Additionally, you are eligible to participate in the 401K savings plan with a company match of 3% of your annual salary – up to the legal maximum. You will be eligible for these benefits immediately upon employment. .

In addition, Stran has adopted an unlimited vacation policy that encompasses vacation, personal, and sick days. You must receive approval and give at least two weeks' notice prior to taking time off whenever possible. Stran also offers a generous holiday schedule each year. For calendar year 2022 STRAN has 10 paid holidays.

A performance review of stated goals will take place at 3, 6 and 12 months following your start date.

Working hours will be from 8:30am- 5:30pm. Please note that due to the increasing level of growth that our business has been experiencing over the past few years, and as the newest member of our senior management team, it would be expected that additional hours be put in to ensure that all areas under your responsibility are properly tended to. Upon acceptance of this role, you will need to complete the I-9, W-4 and other employee information forms by the first day of work. Also, you will need to read and sign the Stran employee Handbook before the end of your first week of employment.

Please let us know of your decision to accept this offer in writing. Congratulations, we think you will be a great addition to our team and look forward to working with you in your new role and position!

Sincerely,

/s/ Andy Shape

Andy Shape, President and CEO

STRAN and Company, Inc.

I accept this offer:

August 16, 2023

Name

Date

Stran & Company - 2 Heritage Dr. - Quincy, MA 02171 - 800-833-33309 - www.stran.com

5

Exhibit 31.1

CERTIFICATIONS

I, Andrew Shape, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Stran & Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2023

Date: August 14, 2023

/s/ Andrew Shape

Andrew Shape

Chief Executive Officer and President

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, David Browner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Stran & Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2023

Date: August 14, 2023

/s/ David Browner

David Browner

Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

The undersigned Chief Executive Officer of STRAN & COMPANY, INC. (the "Company"), DOES HEREBY CERTIFY that:

- 1. The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has executed this statement on August 14, 2023 November 6, 2023.

/s/ Andrew Shape

Andrew Shape

Chief Executive Officer and President

(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Stran & Company, Inc. and will be retained by Stran & Company, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

The undersigned Chief Financial Officer of STRAN & COMPANY, INC. (the "Company"), DOES HEREBY CERTIFY that:

- 1. The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has executed this statement on August 14, 2023 November 6, 2023.

/s/ David Browner

David Browner

Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Stran & Company, Inc. and will be retained by Stran & Company, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2023, Refinitiv. All rights reserved. Patents Pending.