REFINITIV

DELTA REPORT

10-Q

LAKE - LAKELAND INDUSTRIES INC

10-Q - JULY 31, 2024 COMPARED TO 10-Q - APRIL 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	568
CHANGES	87
DELETIONS	261
ADDITIONS	220

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**April 30,**

For the quarterly period ended **July 31, 2024**

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: COMMISSION FILE NUMBER: 0-15535

LAKELAND INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**13-3115216**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
1525 Perimeter Parkway, Suite 325 Huntsville, AL	**35806**
(Address of Principal Executive Offices)	**(Zip Code)**

(Registrant's telephone number, including area code) (256) 350-3873

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	LAKE	NASDAQ

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 (§232.405 of this chapter) 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	☐	Accelerated filer	☒
Nonaccelerated filer	☐	Smaller reporting company	☒
Emerging growth 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 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 ☒

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date.

Class	Outstanding at May 31, 2024 August 31, 2024
Common Stock, $0.01 par value per share	7,377,815 7,396,604 Shares

LAKELAND INDUSTRIES, INC.

AND SUBSIDIARIES

FORM 10-Q

The following information of the Registrant and its subsidiaries is submitted herewith:

PART I - FINANCIAL INFORMATION:

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LAKELAND INDUSTRIES, INC.

AND SUBSIDIARIES

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

LAKELAND INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

($000’s except for share and per share information)

	Three Months Ended April 30,		Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023	2024	2023
Net sales	$ 36,309	$ 28,700	$ 38,512	$ 33,071	$ 74,822	$ 61,771
Cost of goods sold	20,125	16,256	23,277	18,888	43,403	35,144
Gross profit	16,184	12,444	15,235	14,183	31,419	26,627

Operating expenses	13,982	10,506	16,826	10,453	30,809	20,959
Operating profit	2,202	1,938				
Operating profit (loss)			(1,591)	3,730	610	5,668
Other income (expense), net	11	(69)	165	(65)	177	(134)
Interest expense	(172)	(8)	(370)	(1)	(542)	(9)
Income before taxes	2,041	1,861				
Income tax expense	388	541				
Net income	$ 1,653	1,320				
Net income per common share:						
Income (loss) before taxes			(1,796)	3,664	245	5,525
Income tax expense (benefit)			(420)	1,199	(32)	1,740
Net income (loss)			$ (1,376)	$ 2,465	$ 277	$ 3,785
Net income (loss) per common share:						
Basic	$ 0.22	$ 0.18	$ (0.19)	$ 0.33	$ 0.04	$ 0.52
Diluted	$ 0.22	$ 0.18	$ (0.19)	$ 0.32	$ 0.04	$ 0.50
Weighted average common shares outstanding:						
Basic	7,364,757	7,325,005	7,390,873	7,409,305	7,371,358	7,340,914
Diluted	7,582,449	7,502,863	7,390,873	7,591,786	7,648,300	7,523,395

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

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LAKELAND INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

($000's)

	Three Months Ended April 30, 2024	Three Months Ended April 30, 2023	Three Months Ended July 31, 2024	Three Months Ended July 31, 2023	Six Months Ended July 31, 2024	Six Months Ended July 31, 2023
Net income	$ 1,653	$ 1,320				
Net income (loss)			$ (1,376)	$ 2,465	$ 277	$ 3,785
Other comprehensive income (loss):						
Foreign currency translation adjustments	158	(718)	950	(909)	1,108	(1,627)
Comprehensive income	$ 1,811	$ 602				
Comprehensive income (loss)			$ (426)	$ 1,556	$ 1,385	$ 2,158

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

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LAKELAND INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(000's except for share information)

ASSETS	April 30, 2024	January 31, 2024	July 31, 2024	January 31, 2024
Current assets				
Cash and cash equivalents	$ 28,365	$ 25,222	$ 24,880	$ 25,222
Accounts receivable, net of allowance for doubtful accounts of $927 and $857 at April 30, 2024 and January 31, 2024, respectively	21,763	19,169		

Accounts receivable, net of allowance for doubtful accounts of $1,033 and $857 at July 31, 2024 and January 31, 2024, respectively			22,933	19,169
Inventories	56,064	51,250	67,920	51,250
Prepaid VAT and other taxes	2,212	2,753	2,043	2,753
Income tax receivable and other current assets	5,364	3,111	10,753	3,111
Total current assets	113,768	101,505	128,529	101,505
Property and equipment, net	11,933	10,685	12,618	10,685
Operating leases right-of-use assets	12,080	10,969	11,937	10,969
Deferred tax assets	3,037	3,097	3,104	3,097
Other assets	147	110	163	110
Goodwill	15,215	13,669	20,298	13,669
Intangible assets, net	7,922	6,830	14,498	6,830
Equity investments	4,618	4,719	4,474	4,719
Convertible debt instruments	2,800	2,161	2,800	2,161
Total assets	$ 171,520	$ 153,745	$ 198,421	$ 153,745
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$ 9,051	$ 7,378	$ 16,578	$ 7,378
Accrued compensation and benefits	3,994	3,922	4,531	3,922
Other accrued expenses	4,466	2,487	6,723	2,487
Income tax payable	1,203	1,454	-	1,454
Short-term borrowings	-	298	-	298
Accrued earnout agreement	218	643	-	643
Current portion of operating lease liabilities	2,164	2,164	2,505	2,164
Total current liabilities	21,096	18,346	30,337	18,346
Deferred income taxes	2,114	2,097	2,114	2,097
Loans payable – long term	12,965	731	29,484	731
Long-term portion of operating lease liabilities	10,236	9,121	11,770	9,121
Total liabilities	46,411	30,294	73,705	30,294
Commitments and contingencies				
Stockholders' equity				
Preferred stock, $0.01 par; authorized 1,500,000 shares (none issued)	-	-	-	-

Common stock, $0.01 par; authorized 20,000,000 shares Issued 8,736,023 and 8,722,965; outstanding 7,377,815 and 7,364,757 at April 30, 2024 and January 31, 2024, respectively	87	87		
Treasury stock, at cost; 1,358,208 shares at April 30, 2024 and January 31, 2024, respectively	(19,979)	(19,979)		
Common stock, $0.01 par; authorized 20,000,000 shares Issued 8,754,812 and 8,722,965; outstanding 7,396,604 and 7,364,757 at July 31, 2024 and January 31, 2024, respectively			87	87
Treasury stock, at cost; 1,358,208 shares at July 31, 2024 and January 31, 2024, respectively			(19,979)	(19,979)
Additional paid-in capital	79,489	79,420	79,743	79,420
Retained earnings	70,714	69,282	69,117	69,282
Accumulated other comprehensive loss	(5,202)	(5,360)	(4,252)	(5,360)
Total stockholders' equity	125,109	123,450	124,716	123,450
Total liabilities and stockholders' equity	$ 171,520	$ 153,745	$ 198,421	$ 153,745

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

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LAKELAND INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(UNAUDITED)

(000's except for share information)

	Common Stock		Treasury Stock		Additional Paid-in	Retained	Accumulated Other Comprehensive	
	Shares	Amount	Shares	Amount	Capital	Earnings	Loss	Total
		($000's)		($000's)	($000's)	($000's)	($000's)	($000's)

Balance, January 31, 2023	8,655,699	$ 87	(1,330,694)	$ (19,646)	$ 78,475	$ 64,765	$ (3,691)	$ 119,990
Net income	-	-	-	-	-	1,320	-	1,320
Other comprehensive loss	-	-	-	-	-	-	(718)	(718)
Dividends	-	-	-	-	-	(246)	-	(246)
Stock-based compensation:								
Restricted stock issued	53,557	-	-	-	-	-	-	-
Restricted stock plan	-	-	-	-	407	-	-	407
Return of shares in lieu of payroll withholding	-	-	-	-	(339)	-	-	(339)
Treasury stock purchased	-	-	(22,814)	(276)	-	-	-	(276)
Balance, April 30, 2023	8,709,256	$ 87	(1,353,508)	$ (19,922)	$ 78,543	$ 65,839	$ (4,409)	$ 120,138
Balance, January 31, 2024	8,722,965	$ 87	(1,358,208)	$ (19,979)	$ 79,420	$ 69,282	$ (5,360)	$ 123,450
Net income	-	-	-	-	-	1,653	-	1,653
Other comprehensive loss	-	-	-	-	-	-	158	158
Dividends	-	-	-	-	-	(221)	-	(221)
Stock-based compensation:								
Restricted stock issued	13,058	-	-	-	-	-	-	-
Restricted stock plan	-	-	-	-	198	-	-	198
Return of shares in lieu of payroll withholding	-	-	-	-	(129)	-	-	(129)

Treasury stock purchased	-	-	-	-	-	-	-	-
Balance, April 30, 2024	8,736,023	$ 87	(1,358,208)	$ (19,979)	$ 79,489	$ 70,714	$ (5,202)	$ 125,109

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount				
		($000's)		($000's)	($000's)	($000's)	($000's)	($000's)
Balance, January 31, 2023	8,655,699	$ 87	(1,330,694)	$ (19,646)	$ 78,475	$ 64,765	$ (3,691)	$ 119,990
Net income	-	-	-	-	-	3,785	-	3,785
Other comprehensive loss	-	-	-	-	-	-	(1,627)	(1,627)
Dividends	-	-	-	-	-	(466)		(466)
Stock-based compensation:								
Restricted stock issued	65,533	-	-	-	-	-	-	-
Restricted stock plan	-	-	-	-	445	-	-	445
Return of shares in lieu of payroll withholding	-	-	-	-	(409)	-	-	(409)
Treasury stock purchased	-	-	(27,514)	(333)	-	-	-	(333)
Balance, July 31, 2023	8,721,232	$ 87	(1,358,208)	$ (19,979)	$ 78,511	$ 68,084	$ (5,318)	$ 121,385
Balance, April 30, 2023	8,709,256	$ 87	(1,353,508)	$ (19,922)	$ 78,543	$ 65,839	$ (4,409)	$ 120,138
Net income	-	-	-	-	-	2,465	-	2,465
Other comprehensive loss	-	-	-	-	-	-	(909)	(909)

Dividends	-	-	-	-	-	(220)	-	(220)
Stock-based compensation:								
Restricted stock issued	11,976	-	-	-		-	-	-
Restricted stock plan	-	-	-	-	38	-	-	38
Return of shares in lieu of payroll withholding	-	-	-	-	(70)	-	-	(70)
Treasury stock purchased	-	-	(4,700)	(57)	-	-	-	(57)
Balance, July 31, 2023	8,721,232	$ 87	(1,358,208)	$ (19,979)	$ 78,511	$ 68,084	$ (5,318)	$ 121,385
Balance, January 31, 2024	8,722,965	$ 87	(1,358,208)	$ (19,979)	$ 79,420	$ 69,282	$ (5,360)	$ 123,450
Net income	-	-	-	-	-	277	-	277
Other comprehensive income	-	-	-	-	-	-	1,108	1,108
Dividends	-	-	-	-	-	(442)	-	(442)
Stock-based compensation:								
Restricted stock issued	31,847	-	-	-		-	-	-
Restricted stock plan	-	-	-	-	627	-	-	627
Return of shares in lieu of payroll withholding	-	-	-	-	(304)	-	-	(304)
Treasury stock purchased	-	-	-	-	-	-	-	-
Balance, July 31, 2024	8,754,812	$ 87	(1,358,208)	$ (19,979)	$ 79,743	$ 69,117	$ (4,252)	$ 124,716

Balance, April 30, 2024	8,736,023	$ 87	(1,358,208)	$ (19,979)	$ 79,489	$ 70,714	$ (5,202)	$ 125,109
Net loss	-	-	-	-	-	(1,376)	-	(1,376)
Other comprehensive income	-	-	-	-	-	-	950	950
Dividends	-	-	-	-	-	(221)	-	(221)
Stock-based compensation:								
Restricted stock issued	18,789	-	-	-		-	-	-
Restricted stock plan	-	-	-	-	428	-	-	428
Return of shares in lieu of payroll withholding	-	-	-	-	(174)	-	-	(174)
Treasury stock purchased	-	-	-	-	-	-	-	-
Balance, July 31, 2024	8,754,812	$ 87	(1,358,208)	$ (19,979)	$ 79,743	$ 69,117	$ (4,252)	$ 124,716

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

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LAKELAND INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

($000's)

	Three Months Ended April 30,		Six Months Ended July 31,	
	2024	2023	2024	2023

Cash flows from operating activities:				
Net income	$ 1,653	$ 1,320	$ 277	$ 3,785
Adjustments to reconcile net income to net cash provided by operating activities				
Deferred income taxes	77	(176)	(355)	(293)
Depreciation and amortization	647	533		
Stock based and restricted stock compensation	198	407	627	445
Equity in (earnings) loss of equity investment	101	147	245	275
Revaluation of earnout consideration	(711)	(493)	(711)	(1,178)
(Increase) decrease in operating assets				
Accounts receivable	(404)	955	475	(208)
Inventories	433	178	(4,265)	565
Prepaid VAT and other taxes	541	(614)	735	(562)
Other current assets	(2,255)	(1,644)	(5,751)	(1,683)
Increase (decrease) in operating liabilities				
Accounts payable	861	1,181	7,063	1,499
Accrued expenses and other liabilities	(852)	1,854	(4,251)	114
Operating lease liabilities	4	22	66	23
Net cash provided by operating activities	293	3,670	(4,053)	3,904
Cash flows from investing activities:				
Purchases of property and equipment	(466)	(690)	(842)	(1,092)
Acquisitions, net of cash acquired	(8,141)	-	(22,950)	-
Investments			-	(620)
Investments in convertible debt instruments	(639)	-	(639)	-
Net cash (used in) investing activities:	(9,246)	(690)	(24,431)	(1,712)
Cash flows from financing activities:				
Credit facility borrowings	12,300	-	28,300	-
Term loan borrowings			2,912	-
Payments on debt facilities	(364)	(290)	(3,418)	(405)
Purchase of treasury stock under stock repurchase program	-	(276)	-	(333)
Dividends paid	(221)	(246)	(442)	(466)
Shares returned to pay employee taxes under restricted stock program	(129)	(339)	(304)	(409)

Net cash provided by (used in) financing activities	11,586	(1,151)	27,048	(1,613)
Effect of exchange rate changes on cash and cash equivalents	510	(447)	1,094	(912)
Net increase (decrease) in cash and cash equivalents	3,143	1,382	(342)	(333)
Cash and cash equivalents at beginning of period	25,222	24,639	25,222	24,639
Cash and cash equivalents at end of period	$ 28,365	$ 26,021	$ 24,880	$ 24,306
Supplemental disclosure of cash flow information:				
Cash paid for interest	$ 174	$ 1	$ 542	$ 9
Cash paid for taxes	$ 397	$ 893	$ 1,972	$ 1,266
Noncash investing and financing activities				
Leased assets obtained in exchange for operating lease liabilities	$ 1,411	$ 91	$ 1,750	$ 4,099

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

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LAKELAND INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)(UNAUDITED)

1. Business

Lakeland Industries, Inc. and Subsidiaries ("Lakeland," the "Company," "we," "our" or "us"), a Delaware corporation organized in April 1986, manufacture and sell a comprehensive line of industrial protective clothing and accessories for the industrial and public protective clothing market. Our products are sold globally by our in-house sales teams, our customer service group, and authorized independent sales representatives to a network of over 2,000 global safety and industrial supply distributors. Our authorized distributors supply end users, such as integrated oil, chemical/petrochemical, automobile, steel, glass, construction, smelting, cleanroom, janitorial, pharmaceutical, and high technology electronics manufacturers, as well as scientific, medical laboratories and the utilities industry. In addition, we supply federal, state and local governmental agencies and departments, such as fire and law enforcement, airport crash rescue units, the Department of Defense, the Department of

Homeland Security and the Centers for Disease Control. Internationally, we sell to a mixture of end users directly and to industrial distributors depending on the particular country and market. Sales are made to more than 50 countries, the majority of which were into China, countries within the European Economic Community ("EEC"), Canada, Chile, Argentina, Russia, Kazakhstan, Colombia, Mexico, Ecuador, India, Middle East, Southeast Asia, Australia, Hong Kong and countries within Southeast Asia. New Zealand.

2. Basis of Presentation

The condensed consolidated financial statements of the Company are unaudited. These condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments, considered necessary by management to fairly state the Company's results. Intercompany accounts and transactions have been eliminated. The results reported in these condensed consolidated financial statements are not necessarily indicative of the results that may be expected for the entire fiscal year ending January 31, 2025, or for any future period. The January 31, 2024, Condensed Consolidated Balance Sheet data was derived from the audited Consolidated Balance Sheet but does not include all disclosures required by accounting principles generally accepted in the United States of America (U.S. GAAP). The accompanying condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto as of January 31, 2024 and 2023, and for each of the two years in the period ended January 31, 2024, included in our most recent annual report on Form 10-K filed on April 11, 2024.

In this Form 10-Q, (a) "FY" means fiscal year; thus, for example, FY25 refers to the fiscal year ending January 31, 2025, (b) "Q" refers to quarter; thus, for example, Q1 Q2 FY25 refers to the first second quarter of the fiscal year ending January 31, 2025, (c) "Balance Sheet" refers to the unaudited condensed consolidated balance sheet, and (d) "Statement of Operations" refers to the unaudited condensed consolidated statement of operations.

Recent Accounting Pronouncements

The Company considers the applicability and impact of all accounting standards updates ("ASUs"). Management periodically reviews new accounting standards that are issued.

Income Taxes

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance requires a public entity to disclose in their rate reconciliation table additional categories of information about federal, state and foreign income taxes and to provide more details about the reconciling items in some categories if the items meet a quantitative threshold. The guidance also requires all entities to disclose annually income taxes paid (net of refunds received) disaggregated by federal (national), state and foreign taxes and to disaggregate the information by jurisdiction based on a quantitative threshold. This guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted and this guidance should be applied prospectively but there is the option to apply it retrospectively. The Company plans to adopt is currently evaluating the provisions impact of this guidance in conjunction with our Form 10-K for our fiscal year ending January 31, 2026.

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Segment Reporting

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This guidance requires a public entity to disclose for each reportable segment, on an interim and annual basis, the significant expense categories and amounts that are regularly provided to the chief operating decision-maker ("CODM") and included in each reported measure of a segment's profit or loss. Additionally, it requires a public entity to disclose the title and position of the individual or the name of the group or committee identified as the CODM. This guidance is effective for fiscal years beginning after December 31, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the guidance should be applied retrospectively to all periods presented in the financial statements, unless it is impracticable. The Company plans to adopt is currently evaluating the provisions impact of this guidance in conjunction with our Form 10-K for the fiscal year ending January 31, 2025.

3. Investments and Acquisitions

Bodytrak Investment

On October 18, 2021, the Company entered into an Investment Agreement (the "Investment Agreement") with Inova Design Solutions Ltd, a private limited company incorporated under the laws of England and Wales and headquartered in the United Kingdom, doing business as Bodytrak® ("Bodytrak"), and the other parties thereto, pursuant to which Bodytrak agreed to issue and sell to the Company 508,905 cumulative convertible series A shares of Bodytrak ("Series A Shares") in exchange for a payment by the Company of £2,000,000 ($2.8 million). The closing of this minority investment transaction occurred on October 18, 2021. The Series A Shares issued to the Company at the closing represented approximately 11.43% of Bodytrak's total share capital.

On April 28, 2022, the Company, under the terms of the Investment Agreement, acquired an additional 381,679 Series A1 Shares of Bodytrak for £1,500,000 ($1.9 million). On October 26, 2022, the Company acquired an additional 254,452 Series A Shares of Bodytrak for £1,000,000 ($1.2 million). After completion of the additional investments, the Company owns 22.5% of Bodytrak's total share capital. The investment in Bodytrak is accounted for under the equity method, given our board representation and the resulting ability to exercise significant influence. A substantial portion of our investment represents differences in our investment and our share of the underlying recognized net assets of Bodytrak. These differences are predominately attributable to non-amortizing intangible assets, including internally developed intellectual property, of Bodytrak.

On May 19, 2023, the Company entered into an agreement with Bodytrak to provide an additional investment of up to an aggregate of £1,500,000 ($1.9 million on the date of initial investment) in the form of a secured convertible loan with an option for an additional £1,000,000 investment at the Company's discretion. An initial investment funding of £500,000 ($0.6 million on the date of investment) was made on May 19, 2023. Additional investment fundings of £700,000 ($0.9 million on the date of investment), £500,000 ($0.6 million on the date of investment) and £500,000 ($0.6 million on the date of investment) were made on September 8, 2023, December 15, 2023 and February 13, 2024, respectively. The loaned amounts are due twenty-four months from the issue date, which can be extended upon mutual agreement. The convertible note bears interest at either an annual rate of 12% for cash interest or 15% for payment in kind interest on the outstanding amount under the note, such rate being selected by Bodytrak.

The notes can be converted into equity shares of Bodytrak under a number of conditions, including a qualified equity financing as defined in the agreement, a change of control, an IPO, default or conversion at the discretion of the Company and upon the occurrence of the specified event. The convertible note is secured by Bodytrak's intellectual property.

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Bodytrak provides wearable monitoring solutions for customers in industrial health, safety, defense and first responder markets wanting to achieve better employee health and performance. Bodytrak's solution is provided as a platform as a service (PaaS), delivering real-time data, cloud-based analytics, and hardware that includes a patented earpiece for physiological monitoring and audio communications.

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The Company recognized losses of $0.1 million for each of the three months ended April 30, 2024 July 31, 2024 and 2023, respectively, and recognized losses of $0.2 million and $0.3 million for the six months ended July 31, 2024 and 2023, respectively, as the Company's share of Bodytrak's net loss. The loss is reflected in other income (expense), net in the consolidated statements of operations.

Acquisition of LHD

On July 1, 2024, the Company acquired the fire and rescue business of LHD Group Deutschland GmbH and its subsidiaries in Hong Kong and Australia (collectively, "LHD") in an all-cash transaction subject to post-closing adjustments and customary holdback provisions. Total consideration was $15.9 million, net of $1.5 million cash acquired, of which $15.5 million was paid to retire LHD's debt, $0.8 million was paid to the seller at closing, and $1.1 million remained unpaid subject to post-closing adjustments and customary holdback provisions. LHD is a leading provider of firefighter turnout gear, accessories, and personal protective equipment cleaning, repair, and maintenance. LHD has 111 employees worldwide and is headquartered in Wesseling, Germany, with operations in Hong Kong and Australia.

LHD's operating results are included in our consolidated financial statements from the acquisition date. The acquisition qualified as a business combination and was accounted for using the acquisition method of accounting. LHD's operating results and assets including acquired intangibles and goodwill will be reported as part of Europe in our geographic segment reporting.

The following table summarizes the preliminary fair values of the LHD assets acquired and liabilities assumed at the date of the acquisition:

Net working capital acquired	$ 5,594
Property, plant and equipment	801
Customer relationships	5,237
Trade names and trademarks	1,296
Technological know-how	270
Other	(76)
Goodwill	5,441
Other liabilities assumed	(2,615)
Total net assets acquired	$ 15,948

Assets acquired and liabilities assumed in connection with the acquisition were recorded at estimated fair values. Estimated fair values were determined by management, based in part on an independent valuation performed by a third-party valuation specialist. The valuation methods used to determine the estimated fair value of intangible assets included the excess earnings approach for customer relationships using customer inputs and contributory charges; the relief from royalty method for trade names and trademarks and technological know-how; and the cost method for the assembled workforce was included in goodwill. Several significant assumptions and estimates were involved in the application of these valuation methods, including forecasted sales volumes and prices, royalty rates, costs to produce, tax rates, capital spending, discount rates, attrition rates and working capital changes. Cash flow forecasts were generally based on LHD's pre-acquisition forecasts. Identifiable intangible assets with finite lives are subject to amortization over their estimated useful lives. The customer relationships, trade names and trademarks and technological know-how acquired in the LHD transaction are being amortized over periods of 20 years, 10 years and 15 years, respectively.

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Goodwill is calculated as the excess of the purchase price over the estimated fair value of net assets acquired and represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Among the factors that contributed to a purchase price in excess of the estimated fair value of the net tangible and intangible assets acquired were the acquisition of an assembled workforce, the expected synergies and other benefits that we believe will result from combining the operations of LHD with our operations.

Due to the timing of the completion of the acquisition, the purchase price and related allocation are preliminary and could be revised as a result of adjustments made to the purchase price, additional information obtained regarding assets acquired and liabilities assumed, and revisions of provisional estimates of fair values, including, but not limited to, the completion of independent appraisals, inventory, contractual relationships, tangible assets and intangible assets. These changes to the purchase price allocation could be significant. The purchase price allocation will be finalized within the measurement period of up to one year from the acquisition date.

Acquisition of Jolly

On February 5, 2024, the Company acquired Italy and Romania-based Jolly Scarpe S.p.A. and Jolly Scarpe Romania S.R.L. (collectively, "Jolly") in an all-cash transaction Total consideration was $9.6 million, of which $7.5 million was paid to the seller at closing, $0.6 million paid to retire the remainder of Jolly's debt and $1.5 million remained unpaid subject to post-closing adjustments and customary holdback provisions. Jolly is a leading designer and manufacturer of professional footwear for the firefighting, military, police, and rescue markets. The company is headquartered in Montebelluna, Italy, with manufacturing operations in Bucharest, Romania, and has 150 employees. Jolly's primary customers are based in Europe.

Jolly's operating results are included in our consolidated financial statements from the acquisition date. The acquisition qualified as a business combination and was accounted for using the acquisition method of accounting. Jolly's operating results and assets including acquired intangibles and goodwill will be reported as part of Europe in our geographic segment reporting.

The following table summarizes the preliminary fair values of the Jolly assets acquired and liabilities assumed at the date of the acquisition:

Net working capital acquired	$ 5,582	$ 6,214
Property, plant and equipment	1,277	1,277
Customer relationships	425	425
Trade names and trademarks	567	567
Technological know-how	250	250
Goodwill	1,546	914
Total assets acquired	$ 9,647	$ 9,647

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Assets acquired and liabilities assumed in connection with the acquisition were recorded at estimated fair values. Estimated fair values were determined by management, based in part on an independent valuation performed by a third-party valuation specialist. The valuation methods used to determine the estimated fair value of intangible assets included the excess earnings approach for customer relationships using customer inputs and contributory charges; the relief from royalty method for trade names and trademarks and technological know-how; and the cost method for the assembled workforce was included in goodwill. Several significant assumptions and estimates were involved in the application of these valuation methods, including forecasted sales volumes and prices, royalty rates, costs to produce, tax rates, capital spending, discount rates, attrition rates and working capital changes. Cash flow forecasts were generally based on Jolly's pre-acquisition forecasts. Identifiable intangible assets with finite lives are subject to amortization over their estimated useful lives. The customer relationships, trade names and trademarks and technological know-how acquired in the Jolly transaction are being amortized over periods of 14 years, 10 years and 10 years, respectively.

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Goodwill is calculated as the excess of the purchase price over the estimated fair value of net assets acquired and represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Among the factors that contributed to a purchase price in excess of the estimated fair value of the net tangible and intangible assets acquired were the acquisition of an assembled workforce, the expected synergies and other benefits that we believe will result from combining the operations of Jolly with our operations.

Due to the timing of the completion of the acquisition, the purchase price and related allocation are preliminary and could be revised as a result of adjustments made to the purchase price, additional information obtained regarding assets acquired and liabilities assumed, and revisions of provisional estimates of fair values, including, but not limited to, the completion of independent appraisals, inventory, contractual relationships, tangible assets and intangible assets. These changes to the purchase price allocation could be significant. The purchase price allocation will be finalized within the measurement period of up to one year from the acquisition date.

Acquisition of Pacific

On November 30, 2023 the Company acquired New Zealand-based Pacific Helmets NZ Limited ("Pacific") in an all-cash transaction valued at approximately NZ$14,000,000 ($8.6 million at the closing date exchange rate) including assumption of debt, subject to post-closing adjustments and customary holdback provisions. The acquisition enhances Lakeland's product portfolio, particularly within fire service protective helmets. Headquartered in Whanganui, New Zealand, Pacific is a leading designer and provider of structural firefighting, wildland firefighting, and technical rescue helmets. The transaction was funded through the revolving credit facility and cash balances.

Pacific's operating results are included in our consolidated financial statements from the acquisition date. The acquisition qualified as a business combination and was accounted for using the acquisition method of accounting.

As part of the acquisition agreement, Pacific will pay from the holdback an amount equal to the amount by which Pacific's revenue fell below NZ$11.1 million for Pacific's fiscal year ended March 31, 2024 subject to certain conditions. The amount of the reduction to the holdback to be paid by Pacific is $0.3 million.

Due to the timing of the completion of the acquisition, the purchase price and related allocation are preliminary and could be revised as a result of adjustments made to the purchase price, additional information obtained regarding assets acquired and liabilities assumed, and revisions of provisional estimates of fair values, including, but not limited to, the completion of independent appraisals, inventory, contractual relationships, tangible assets and intangible assets. These changes to the purchase price allocation could be significant. The purchase price allocation will be finalized within the measurement period of up to one year from the acquisition date.

The following unaudited pro forma information presents our combined results as if the LHD, Jolly and Pacific acquisitions had occurred at the beginning of FY24. The unaudited pro forma financial information was prepared to give effect to events that are (1) directly attributable to the acquisition; (2) factually supportable; and

(3) expected to have a continuing impact on the combined company's results. There were no material transactions between the Company, LHD, Jolly and Pacific during the periods presented that are required to be eliminated. The unaudited pro forma combined financial information does not reflect cost savings, operating synergies or revenue enhancements that the combined companies may achieve or the costs to integrate the operations or the costs necessary to achieve cost savings, operating synergies or revenue enhancements.

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Pro forma combined financial information (Unaudited)

(in millions, except per share amount)	**Quarter Ended April 30,**					
(in millions, except per share amounts)			Three Months Ended July 31,		Six Months Ended July 31,	
			2024	2023	2024	2023
	2024	**2023**				
Net sales	$ 36.3	$ 34.4	$ 43,023	$ 45,370	$ 86,090	$ 85,964
Net income	$ 1.7	$ 1.4				
Net income (loss)			$ (1,253)	$ 2,899	$ 622	$ 4,668
Basic earnings per share	$ 0.22	$ 0.19	$ (0.17)	$ 0.39	$ 0.08	$ 0.63
Diluted earnings per share	$ 0.22	$ 0.19	$ (0.17)	$ 0.38	$ 0.08	$ 0.62

The unaudited pro forma combined financial information is presented for information purposes only and is not intended to represent or be indicative of the combined results of operations or financial position that we would have reported had the acquisition been completed as of the date and for the periods presented and should not be taken as representative of our consolidated results of operations or financial condition following the acquisition. In addition, the unaudited pro forma combined financial information is not intended to project the future results of the combined company.

The unaudited pro forma combined financial information was prepared using the acquisition method of accounting under existing U.S. GAAP. The Company has been treated as the acquirer.

Acquisition of Eagle

On December 2, 2022, the Company acquired 100% of Eagle Technical Products Limited's (Eagle) common stock in an all-cash transaction valued at $10.5 million, net of net working capital acquired.

Headquartered in Manchester, UK, Eagle is a leading designer and provider of protective apparel to the fire and industrial sectors. Eagle provides differentiated product offerings through its innovative and technical solutions.

Eagle's operating results are included in our consolidated financial statements from the acquisition date. The acquisition qualified as a business combination and was accounted for using the acquisition method of accounting.

As part of the Eagle acquisition agreement, the Company agreed to pay an earnout payment equal to the amount by which Eagle's revenue exceeded 6 million GBP for the period May 1, 2022 through April 30, 2023. The Company will also pay an earnout payment equal to the amount by which Eagle's revenue exceeded 6.3 million GBP for the period May 1, 2023 through April 30, 2024. Eagle did not reach the revenue threshold for the period May 1, 2022 through April 30, 2023 and received no payment for that period.

At January 31, 2024, the Company had recorded $0.6 million for the earnout payment for the period May 1, 2023 through April 30, 2024, using a Monte Carlo simulation. Based on Eagle's revenue for the period May 1, 2023 through April 30, 2024, the earnout payment was $0.2 million. The adjustment to the accrued earnout payment of $0.4 million was recorded in the quarter ended April 30, 2024 and reflected as a reduction in operating expenses.

4. Inventories

Inventories consist of the following (in $000s):

	April 30, 2024	January 31, 2024
Raw materials	$ 29,453	$ 27,417
Work-in-process	928	668
Finished goods	32,138	29,719
Excess and obsolete adjustments	(6,455)	(6,554)
	$ 56,064	$ 51,250

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	July 31, 2024	January 31, 2024
Raw materials	$ 36,069	$ 27,417
Work-in-process	1,637	668

Finished goods	36,290	29,719
Excess and obsolete adjustments	(6,076)	(6,554)
	$ 67,920	$ 51,250

5. Goodwill and Intangible Assets, Net

Changes in goodwill during the quarters three and six months ended April 30, 2024 July 31, 2024 and 2023, were as follows (in $000s):

	2024	2023	2024	2023
Balance at January 31	$ 13,669	$ 8,473	$ 13,669	$ 8,473
Measurement period adjustment	-	-	-	-
Acquisitions	1,546	-	1,546	-
Balance at April 30	$ 15,215	$ 8,473	$ 15,215	$ 8,473
Measurement period adjustment			(359)	-
Acquisitions			5,442	-
Balance at July 31			$ 20,298	$ 8,473

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Changes in intangible assets, net, during the quarters three and six months ended April 30, 2024 July 31, 2024 and 2023, were as follows (in $000s):

	2024	2023	2024	2023
Balance at January 31	$ 6,830	$ 6,042	$ 6,830	$ 6,042
Acquisitions	1,242	-	1,242	-
Amortization	(150)	(102)	(150)	(102)
Balance at April 30	$ 7,922	$ 5,940	$ 7,922	$ 5,940
Acquisitions			6,727	-
Measurement period adjustments			46	-
Amortization			(197)	(102)
Balance at July 31			$ 14,498	$ 5,838

6. Contract Advances

The Company receives advances under certain of its contracts for products sold by Eagle. Those advances are considered contract liabilities with revenues recorded upon delivery of promised goods to customers. These advances are included in Other Accrued Expenses on the Company's consolidated balance sheet. The following is a roll-forward of the advances from January 31, 2024 through April 30, 2024 July 31, 2024 and from January 31, 2023 through April 30, 2023 July 31, 2023 (in $000s):

	2024	2023	2024	2023
Contract liability – January 31	$ 104	$ 1,627	$ 104	$ 1,627
Increases to contract liability	173	212	473	271
Decreases to contract liability	(102)	(500)	(212)	(1,672)
Contract liability – April 30	$ 175	$ 1,339		
Contract liability – July 31			$ 365	$ 226

7. Long-Term Debt

Revolving Credit Facility

On June 25, 2020, the Company entered into a Loan Agreement (the "Loan Agreement") with Bank of America (the "Lender"). The Loan Agreement provided the Company with a secured $25.0 million revolving credit facility, which included a $5.0 million letter of credit sub-facility. The Company could request from time to time an increase in the revolving credit loan commitment of up to $5.0 million (for a total commitment of up to $30.0 million). Borrowing pursuant to the revolving credit facility was subject to a borrowing base amount calculated as (a) 80% of eligible accounts receivable, as defined, plus (b) 50% of the value of acceptable inventory, as defined, minus (c) certain reserves as the Lender may establish for the amount of estimated exposure, as reasonably determined by the Lender from time to time, under certain interest rate swap contracts. The borrowing base limitation only applied during periods when the Company's quarterly funded debt to EBITDA ratio, as defined, exceeded 2.00 to 1.00. The Loan Agreement permitted, without the prior consent of the Lender, acquisitions of a business or its assets by the Company or its subsidiaries if there was no default under the Loan Agreement and the aggregate consideration did not exceed $7.5 million for any individual acquisition or $15.0 million on a cumulative basis for all such acquisitions. On March 3, 2023, the Company changed the benchmark interest rate in the credit facility from LIBOR to the Secured Overnight Financing Rate ("SOFR"). The credit facility was to mature on June 25, 2025.

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On November 30, 2023, the Company entered into Amendment No. 3 to the Loan Agreement by and between the Lender and the Company (the “Third Amendment”). Pursuant to the Third Amendment, the Lender consented to the Company’s acquisition of one hundred percent (100%) of the equity interests of Pacific. The Third Amendment further provided for certain amendments to the Loan Agreement to permit additional indebtedness to be made available to Pacific, to exempt Pacific from certain requirements of the Loan Agreement pertaining to subsidiary guaranty and asset pledges that would otherwise be required under the Loan Agreement and to waive the Company’s borrowing base limitations through January 31, 2024. The Third Amendment also provided for the reaffirmation of representations, warranties and covenants under the Loan Agreement as are customary in connection with similar amendments of credit documents.

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On March 28, 2024, the Company entered into Amendment No. 4 to the Loan Agreement by and between the Lender and the Company (the “Fourth Amendment”). Pursuant to the Fourth Amendment, the Lender and the Company agreed to, among other things, (i) extend the expiration date of the credit facility to March 28, 2029, (ii) increase the availability under the revolving credit facility to $40.0 million with an accordion feature providing for the potential funding of an additional $10.0 million, (iii) remove the borrowing base component of the credit facility; and (iv) modify the interest rate based on Daily SOFR plus the Applicable Rate. The Applicable Rate is based upon a Funded Debt to EBITDA Ratio and includes four (4) different levels constituting a SOFR margin range from 1.25% to 2.00%. In addition, the Fourth Amendment (i) modified the Funded Debt to EBITDA Ratio covenant so as not to exceed 3.5x (with step-downs to 3.25 and 3.0 in 2025 and 2026), (ii) modified the Basic Fixed Charge Coverage Ratio covenant to a minimum of 1.20x, (iii) includes a springing Asset Coverage Ratio covenant of at least 1.10x, but only to the extent that the maximum Total Leverage Ratio exceeds 3.00x at any reporting period, (iv) increases the sublimit for letters of credit to $10.0 million, and (v) imposes a floor to Daily SOFR of one percent (1.00%). The Fourth Amendment provides for additional indebtedness or the assumption of existing indebtedness for acquisitions of foreign subsidiaries (not to exceed $10.0 million in USD) and increased the size of Permitted Acquisitions, without prior approval from the Lender, to $17.5 million per occurrence and $35.0 million in the aggregate. We were in compliance with all financial covenants of the Loan Agreement as of April 30, 2024 July 31, 2024.

As of April 30, 2024 July 31, 2024, the Company had no borrowings outstanding on the letter of credit sub-facility and borrowings of $12.3 million $25.3 million outstanding under the revolving credit facility.

Borrowings in UK

There were no borrowings outstanding under the Company’s credit facility with HSBC Bank at April 30, 2024 July 31, 2024 and January 31, 2024.

Pacific Borrowings

Pacific has two facilities with the Bank of New Zealand. Pacific has a trade finance facility where the lender finances vendor purchases. The trade finance facility has a limit of 500,000 New Zealand dollars and caries an interest rate at the prevailing base rate for the relevant currency of the vendor plus a margin of 3.00% per annum. The facility includes two term loans. The first term loan of 1,500,000 New Zealand dollars matures on December 17, 2025, carries an interest rate of 2.3% per annum and requires monthly payments of $19,350 19,350 New Zealand dollars. The second term loan of 550,000 New Zealand dollars matures on November 18, 2024, carries an interest rate of 3.5% per annum and requires monthly payments of $10,005 10,005 New Zealand dollars. The facilities expire in August 2026 and are secured by a security interest in Pacific's real property. Borrowings under the trade finance facility and amounts due in FY25 under the term loans are reported as short-term borrowings. There were no borrowings under this facility at April 30, 2024 July 31, 2024 and $0.3 million at January 31, 2024. Borrowings under the term loans due after FY25 are reported as long-term borrowings and were $0.7 million $0.6 million and $0.7 million at April 30, 3024 July 31, 3024 and January 31, 2024, respectively.

Jolly Borrowings

On May 9, 2024, Jolly entered into a term loan agreement for 1,500,000 Euros to support working capital requirements with Banca Intesa Spa. The term loan will expire on March 31, 2027 and carries an interest rate of 5.42%. The term loan will be repaid in 11 installments of 136,364 Euros paid quarterly beginning September 30, 2024. Interest payments will be made quarterly and began June 30, 2024. The loan is guaranteed by SACE S.p.A., the Italian state-owned export credit finance agency.

Jolly received an advance of 1,200,000 Euros from BNL Bank as an advance on an Italian firefighters contract that will conclude in FY26. Interest on the advance is Euribor plus 1.0%.

Borrowings under the term loans due after FY25 are reported as long-term borrowings and were $2.9 million at July 31, 2024.

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LHD Borrowings

Prior to the Company's acquisition, LHD secured a federally guaranteed term loan of 800,000 Euros from Commerzbank AG under the "KfW Quick Loan 2020" program, launched by the German government in 2020 to support small and medium-sized enterprises affected by the COVID-19 crisis. The loan, which matures on June 30, 2030, began loan repayments on September 30, 2022, with quarterly installments of 25,000 Euros. As of July 31, 2024, the outstanding balance was 600,000 Euros ($650,000). The loan carries an interest rate of 3% per annum, with interest payments being due in arrears at the end of each quarter.

8. Concentration of Risk

Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash and cash equivalents, and trade receivables. Concentration of credit risk with respect to trade receivables is generally diversified due to the large number of entities comprising the Company's customer base and their dispersion across geographic areas principally within the United States. The Company routinely addresses the financial strength of its customers and, as a consequence, believes that its receivable credit risk exposure is limited. The Company does not require customers to post collateral.

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The Company's foreign financial depositories are Bank of America; China Construction Bank; Bank of China; China Industrial and Commercial Bank; HSBC (UK); Royal Bank of Scotland, Rural Credit Cooperative of Shandong; Postal Savings Bank of China; Punjab National Bank; HSBC in India, Argentina and UK; Raymond James in Argentina; TD Canada Trust; Banco Itaú S.A., Banco Credito Inversione in Chile; Banco Mercantil Del Norte SA in Mexico; ZAO KB Citibank Moscow in Russia, Russia; JSC Bank Centercredit in Kazakhstan, Kazakhstan; BNL Banca Nazionale del Lavoro, Monte Dei Paschi di Siena and Banca delle Terre Venete in Italy Italy; Commerzbank in Germany; and Bank of New Zealand in New Zealand. The Company monitors its financial depositories by their credit rating, which varies by country. In addition, cash balances in banks in the United States of America are insured by the Federal Deposit Insurance Corporation subject to certain limitations. There was approximately $2.6 million $0.5 million total included in U.S. bank accounts and approximately $25.8 million $24.3 million total in foreign bank accounts as of April 30, 2024 July 31, 2024, of which $27.6 million $24.1 million was uninsured.

Major Customer

No customer accounted for more than 10% of net sales during the three-month three and six-month periods ended April 30, 2024 July 31, 2024 and 2023.

Major Supplier

No vendor accounted for more than 10% of purchases during the three-month three and six-month periods ended April 30, 2024 July 31, 2024 and 2023.

9. Stockholders' Equity

On June 21, 2017, the stockholders of the Company approved the Lakeland Industries, Inc. 2017 Equity Incentive Plan (the "2017 Plan"). The executive officers and all other employees and directors of the Company, including its subsidiaries, are eligible to participate in the 2017 Plan. The 2017 Plan is administered by the Compensation Committee of the Board of Directors (the "Committee"), except that with respect to all non-employee directors, the 2017 Plan is administered by the full Board. The 2017 Plan provides for the grant of equity-based compensation in the form of stock options, restricted stock, restricted stock units, performance shares, performance units, or stock appreciation rights ("SARs").

On June 16, 2021, the stockholders of the Company approved Amendment No. 1 (the "Amendment" ("Amendment No. 1") to the 2017 Plan. The Amendment increases No. 1 increased the number of shares of common stock, par value $0.01 per share, of the Company reserved for issuance under the 2017 Plan by 480,000 from 360,000 to 840,000 shares.

On June 13, 2024, the stockholders of the Company approved Amendment No. 2 ("Amendment No. 2") to the 2017 Plan. Amendment No. 2 increased the number of shares of common stock, par value $0.01 per share, of the Company reserved for issuance under the 2017 Plan from 840,000 to 1,240,000 shares.

An aggregate of 840,000 1,240,000 shares of the Company's common stock are authorized for issuance under the 2017 Plan, as amended, subject to adjustment as provided in the 2017 Plan for stock splits, dividends, distributions, recapitalizations and other similar transactions or events. If any shares subject to an award are forfeited, expire, lapse or otherwise terminate without issuance of such shares, such shares shall, to the extent of such forfeiture, expiration, lapse or termination, again be available for issuance under the 2017 Plan. On June 13, 2024, the stockholders of the Company will vote on a proposed Amendment No. 2 to the 2017 Plan, which would increase the number of shares of common stock, par value $0.01 per share, of the Company reserved for issuance under the 2017 Plan by 400,000 shares.

The Company recognized total stock-based compensation costs, which are reflected in operating expenses (in $000's):

	Three Months Ended April 30,		Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023	2024	2023
2017 Plan:						
Total restricted stock and stock option programs	$ 198	$ 407	$ 428	$ 38	$ 627	$ 445
Total income tax expense recognized for stock-based compensation arrangements	$ 42	$ 85	$ 90	$ 8	$ 132	$ 94

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Restricted Stock and Restricted Stock Units

Under the 2017 Plan, as described above, the Company has awarded performance-based and service-based shares of restricted stock and restricted stock units to eligible employees and directors. The following table summarizes the activity under the 2017 Plan for the three six months ended April 30, 2024 July 31, 2024 and 2023. This table reflects the amount of awards granted and the number of shares that would be vested if the Company were to achieve the maximum performance level under the June 2021, June 2022, March 2023 and April 2024 grants.

	Performance-Based	Service-Based	Total	Weighted Average Grant Date Fair Value	Performance-Based	Service-Based	Total	Weighted Average Grant Date Fair Value
Outstanding at January 31, 2024	82,330	112,890	195,220	$ 16.61	82,330	112,890	195,220	$ 16.61
Awarded	12,799	48,461	61,260	$ 18.45	27,042	112,256	139,298	$ 19.18
Vested	-	(20,274)	(20,274)	$ 17.92	-	(39,062)	(39,062)	$ 20.27
Forfeited	(4,281)	(14,233)	(18,514)		(4,281)	(14,234)	(18,515)	
Outstanding at April 30, 2024	90,848	126,844	217,692	$ 16.61				
Outstanding at July 31, 2024					105,091	171,850	276,941	$ 17.08

Performance-Based	Service-Based	Total	Weighted Average Grant Date Fair Value	Performance-Based	Service-Based	Total	Weighted Average Grant Date Fair Value

Outstanding at January 31, 2023	127,480	40,665	168,145	$ 22.95	127,480	40,665	168,145	$ 22.95
Awarded	64,953	63,302	128,255	$ 14.50	64,953	105,818	170,771	$ 14.20
Vested	(71,202)	(8,931)	(80,133)		(71,202)	(24,603)	(95,805)	$ 14.90
Forfeited	(24,031)	(14,379)	(38,410)		(32,112)	(28,518)	(60,630)	
Outstanding at April 30, 2023	97,200	80,657	177,858	$ 16.38				
Outstanding at July 31, 2023					89,119	93,362	182,481	$ 19.49

The actual number of shares of common stock of the Company, if any, to be earned by the award recipients is determined over a three year performance measurement period based on measures that include revenue growth and Earnings Before Interest Taxes Depreciation and Amortization ("EBITDA") margin for the April 2022 grants. Performance measures for the March 2023 grants are revenue growth, EBITDA margin and return on invested capital. Performance measures for the April 2024 grants are revenue growth, EBITDA margin and free cash flow margin. The performance targets have been set for each of the Minimum, Target, and Maximum levels. The actual performance amount achieved is determined by the Committee and may be adjusted for items determined to be unusual in nature or infrequent in occurrence, at the discretion of the Committee.

The compensation cost is based on the fair value at the grant date, is recognized over the requisite performance/service period using the straight-line method, and is periodically adjusted for the probable number of shares to be awarded. As of April 30, 2024 July 31, 2024, unrecognized stock-based compensation expense totaled $1.7 million $3.0 million pursuant to the 2017 Plan based on outstanding awards under the 2017 Plan. This expense is expected to be recognized over approximately two years.

Stock Repurchase Program

On February 17, 2021, the Company's Board of Directors approved a stock repurchase program under which the Company may repurchase up to $5 million of its outstanding common stock. On July 6, 2021, the Board of Directors authorized an increase in the Company's stock repurchase program of up to an additional $5 million of its outstanding common stock. On April 7, 2022, the Board of Directors authorized a new stock repurchase program under which the Company may repurchase up to $5 million of its outstanding common stock, which became effective upon the completion of the prior share repurchase program. On December 1, 2022, the Board of Directors authorized an increase in the Company's stock repurchase program, under which the Company may repurchase up to an additional $5 million of its outstanding common stock.

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No shares were repurchased during the three six months ended April 30, 2024 July 31, 2024, leaving $5.0 million remaining under the share repurchase program at April 30, 2024 July 31, 2024. The share repurchase program has no expiration date but may be terminated by the Board of Directors at any time.

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10. Income Taxes

The Company's provision for income taxes for the three months ended April 30, 2024 July 31, 2024, and 2023 is based on the estimated annual effective tax rate, in addition to discrete items.

The Company's effective tax rate for the first second quarter of FY25 was 19.0% 23.4%, which differs from the U.S. federal statutory rate of 21% primarily due to rate differentials in foreign tax jurisdictions and Global Intangible Low-Taxed Income ("GILTI"), and the impacts from stock compensation vestings during the quarter, partially offset by foreign withholding taxes accrued during the quarter in anticipation of additional repatriations of cash from China. The Company's effective tax rate for the second quarter of FY24 was 32.7% which differs from the U.S. federal statutory rate of 21% primarily due to rate differentials in foreign tax jurisdictions and GILTI.

The Company's effective tax rate for the six months ended July 31, 2024 was (13.1%), which differs from the U.S. federal statutory rate of 21%, primarily due to rate differentials in foreign tax jurisdictions and GILTI and impacts from the final earn-out adjustments related to the Pacific and Eagle acquisitions. The Company's effective tax rate for the first quarter of FY24 six months ended July 31, 2023 was 29.1% 31.5%, which differs from the U.S. federal statutory rate of 21%, primarily due to rate differentials in foreign tax jurisdictions and GILTI.

The Company records net deferred tax assets to the extent the Company believes these assets will more likely than not be realized. The valuation allowance was $6.9 million $7.6 million and $6.7 million as of April 30, 2024 July 31, 2024 and January 31, 2024, respectively.

With the exception of our UK and China subsidiaries for which we accrue relevant deferred tax impacts related to non-indefinitely reinvested cash, we consider the excess of the amount for financial reporting over the tax basis (including undistributed and previously taxed earnings) of investments in our other foreign subsidiaries as of April 30, 2024 July 31, 2024 to be indefinitely reinvested in the foreign jurisdictions on the basis of our specific plan for reinvestment and estimates that future domestic cash generation will be sufficient to meet future domestic cash needs. Therefore, we have not provided for deferred taxes related to such excess or the relevant portions thereof and disclosed that the determination of any deferred taxes related to this excess is not practicable in those permanently reinvested jurisdictions. We have made no changes to our policy on indefinite reinvestment during the quarter six months ended April 30, 2024 July 31, 2024.

11. Net Income Per Share

The following table sets forth the computation of basic and diluted net income per share as follows (in $000s except per share amounts):

	Three Months Ended April 30, 2024	Three Months Ended April 30, 2023
Numerator:		
Net income	$ 1,653	$ 1,320
Denominator:		
Denominator for basic net income per share (weighted-average shares which exclude shares in the treasury, 1,358,208 and 1,353,508 at April 30, 2024 and 2023, respectively	7,364,757	7,325,005
Effect of dilutive securities from restricted stock plan	217,692	177,858
Denominator for diluted net income per share (adjusted weighted average shares)	7,582,449	7,502,863
Basic net income per share	$ 0.22	$ 0.18
Diluted net income per share	$ 0.22	$ 0.18

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Numerator:				
Net income (loss)	$ (1,376)	$ 2,465	$ 277	$ 3,785
Denominator:				
Denominator for basic net income (loss) per share (weighted-average shares which exclude shares in the treasury, 1,358,208 at July 31, 2024 and 2023)	7,390,873	7,409,305	7,371,358	7,340,914
Effect of dilutive securities from restricted stock plan	-	182,481	276,942	182,481

Denominator for diluted net income (loss) per share (adjusted weighted average shares)	7,390,873	7,591,786	7,648,300	7,523,395
Basic net income (loss) per share	$ (0.19)	$ 0.33	$ 0.04	$ 0.52
Diluted net income (loss) per share	$ (0.19)	$ 0.32	$ 0.04	$ 0.50

12. Contingencies

Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company’s management and legal counsel assess such contingent liabilities, which inherently involve an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company’s legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been or is probable of being incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company’s consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

During the third quarter of FY24, the Company sent a letter to the landlord outlining certain structural defects on the newly constructed facility in Monterrey, Mexico that would inhibit the Company from effectively utilizing the facility for its intended purpose. The Company has initiated discussions with the landlord as to potential remedies which may inform our decision-making process with respect to this property. Changes in our long-term intended use for the building may impact the carrying value of the currently recorded right of use asset.

General litigation contingencies

The Company is involved in various litigation proceedings arising during the normal course of business which, in the opinion of the management of the Company, will not have a material effect on the Company's financial position, results of operations or cash flows; however, there can be no assurance as to the ultimate outcome of these matters. As of April 30, 2024 July 31, 2024, to the best of the Company's knowledge, there were no significant outstanding claims or litigation.

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13. Segment Reporting

We manage our operations by evaluating each of our geographic locations. Our US operations include a facility in Alabama (primarily the distribution to customers of the bulk of our products and the light manufacturing of our chemical, wovens, reflective, and fire products). The Company also maintains one manufacturing company in China (primarily disposable and chemical suit production), a manufacturing facility in Mexico (primarily disposable, reflective, fire and chemical suit production), a manufacturing facility in Vietnam (primarily disposable production), a manufacturing facility in Argentina (primarily wovens), a manufacturing facility in New Zealand (helmets), a manufacturing facility in Romania (boots) and a small manufacturing facility in India. Our China facilities produce the majority of the Company's products, and China generates a significant portion of the Company's international revenues. We evaluate the performance of these entities based on operating profit, which is defined as income before income taxes, interest expense and other income and expenses. We have sales forces in the USA, Canada, Mexico, Europe, Latin America, India, Russia, Kazakhstan, Australia, New Zealand and China, which sell and distribute products shipped from the United States, Mexico, India or China.

The table below represents information about reported segments for the three-month three and six month periods noted therein:

	Three Months Ended April 30, (in millions of dollars)		Three Months Ended July 31, (in millions of dollars)		Six Months Ended July 31, (in millions of dollars)	
	2024	2023	2024	2023	2024	2023
Net Sales:						
USA Operations (including Corporate)	$ 15.9	$ 13.6	$ 14.2	$ 16.6	$ 30.1	$ 30.2
Other foreign	4.5	3.1	4.9	3.2	9.4	6.3

Europe	6.0	4.0	7.3	5.4	13.4	9.4
Mexico	1.6	1.2	2.5	2.4	4.1	3.6
Asia	10.4	11.1	13.5	10.9	23.9	22.0
Canada	3.0	2.5	2.5	2.0	5.5	4.6
Latin America	4.9	3.2	7.4	4.6	12.2	7.8
Less intersegment sales	(10.0)	(10.0)	(13.8)	(12.0)	(23.8)	(22.1)
Consolidated sales	$ 36.3	$ 28.7	$ 38.5	$ 33.1	$ 74.8	$ 61.8
External Sales:						
USA Operations (including Corporate)	$ 14.3	$ 12.3	$ 12.4	$ 15.2	$ 26.6	$ 27.5
Other foreign	3.8	2.3	3.9	2.0	7.8	4.2
Europe	6.0	4.0	7.1	5.3	13.1	9.3
Mexico	1.1	0.8	1.7	1.1	2.8	1.9
Asia	3.2	3.7	3.5	3.0	6.8	6.7
Canada	3.0	2.5	2.5	2.0	5.5	4.6
Latin America	4.9	3.1	7.4	4.5	12.2	7.6
Consolidated external sales	$ 36.3	$ 28.7	$ 38.5	$ 33.1	$ 74.8	$ 61.8

Intersegment Sales:						
USA Operations (including Corporate)	$ 1.6	$ 1.3	$ 1.8	$ 1.3	$ 3.5	$ 2.7
Other foreign	0.7	0.8	1.0	1.3	1.6	2.1
Europe			0.2	0.1	0.3	0.1
Mexico	0.5	0.4	0.8	1.3	1.3	1.7
Asia	7.2	7.4	10.0	7.9	17.1	15.3
Canada			-	-	-	-
Latin America	-	0.1	-	0.1	-	0.2
Consolidated intersegment sales	$ 10.0	$ 10.0	$ 13.8	$ 12.0	$ 23.8	$ 22.1

	Three Months Ended April 30, (in millions of dollars)	
	2024	2023
Operating Profit (Loss):		
USA Operations (including Corporate)	$ (0.6)	$ (1.8)
Other foreign	0.6	0.7
Europe	(0.4)	0.2
Mexico	(0.4)	(0.4)
Asia	0.9	0.8
Canada	0.3	0.4
Latin America	1.7	0.9
Intersegment profit (loss)	0.1	1.1
Consolidated operating profit	$ 2.2	$ 1.9
	April 30, 2024	January 31, 2024
	(in millions of dollars)	
Total Assets:		
USA Operations (including Corporate)	$ 41.5	$ 47.1
Other foreign	19.8	19.6
Europe	46.6	27.2
Mexico	10.5	10.2
Asia	30.3	29.0
Canada	8.7	8.3
Latin America	14.1	12.3
Consolidated assets	$ 171.5	$ 153.7

	Three Months Ended July 31, (in millions of dollars)		Six Months Ended July 31, (in millions of dollars)	
	2024	2023	2024	2023
Operating Profit (Loss):				
USA Operations (including Corporate)	$ (3.4)	$ 1.2	$ (4.1)	$ (0.6)
Other foreign	0.7	0.6	1.3	1.2

Europe	(1.5)	0.4	(1.9)	0.6
Mexico	0.2	(0.5)	(0.2)	(0.9)
Asia	2.1	1.0	3.1	1.9
Canada	(0.3)	0.2	(0.1)	0.7
Latin America	2.3	1.2	4.1	2.1
Intersegment profit (loss)	(1.7)	(0.4)	(1.6)	0.7
Consolidated operating profit (loss)	$ (1.6)	$ 3.7	$ 0.6	$ 5.7

	July 31, 2024	January 31, 2024
	(in millions of dollars)	
Total Assets Less Intersegment:		
USA Operations (including Corporate)	$ 48.4	$ 47.1
Other foreign	19.5	19.6
Europe	68.5	27.2
Mexico	11.4	10.2
Asia	27.6	29.0
Canada	6.1	8.3
Latin America	16.7	12.3
Consolidated assets	$ 198.2	$ 153.7

The table below presents external sales by product line:

	Three Months Ended April 30, (in millions of dollars)	
	2024	2023
External Sales by product lines:		
Disposables	$ 13.2	$ 12.4
Chemical	6.3	5.4
Fire	10.5	5.5
Gloves	0.5	0.7
High Visibility	1.2	1.2
High Performance Wear	1.2	1.1
Wovens	3.4	2.3

Consolidated external sales			$ 36.3	$ 28.7

	Three Months Ended July 31, (in millions of dollars)		Six Months Ended July 31, (in millions of dollars)	
	2024	2023	2024	2023
External Sales by product lines:				
Disposables	$ 12.3	$ 12.5	$ 25.4	$ 24.9
Chemical	5.3	5.3	11.6	10.7
Fire service	12.0	9.0	22.5	14.5
Gloves	0.5	0.5	1.1	1.2
High Visibility	1.2	1.6	2.4	2.7
High Performance Wear	1.4	1.5	2.6	2.8
Wovens	5.8	2.7	9.2	5.0
Consolidated external sales	$ 38.5	$ 33.1	$ 74.8	$ 61.8

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14. Subsequent Events

Acquisition of LHD Group

On April 2, 2024, Lakeland Global Safety, Ltd. (“Lakeland Global”), a wholly-owned subsidiary the Company, entered into a Share Sale and Purchase Agreement (the “Purchase Agreement”), by and between Kantaras Investments Pte. Ltd., Lakeland Global, and the Company, pursuant to which Lakeland Global will acquire all of the shares of the fire and rescue business of LHD Group Deutschland GmbH, LHD Group Australia Pty Ltd and LHD Group Hong Kong Ltd., wholly-owned entities of Kantaras Investments Pte. Ltd. (collectively, the “LHD Group”) for a purchase price of EUR 15.4 million (approximately USD $16.7 million), subject to post-closing adjustments and customary holdback provisions. The LHD Group is a leader in firefighter turnout gear, accessories, and Total Care services, including laundry, repair, and maintenance. The transaction will be funded through the Company’s credit facility and is expected to close in June 2024.

Second Third Quarter Dividend

On May 1, 2024 August 1, 2024, the Company’s Board of Directors declared a quarterly cash dividend. The quarterly dividend of $0.03 per share or approximately $0.2 million, was paid on May 22, 2024 August 22, 2024, to stockholders of record as of May 15, 2024 August 15, 2024.

Additional Investment in Bodytrak

On August 28, 2024, the Company made an additional investment in Bodytrak in the form of a secured convertible loan of £200,000 ($0.3 million on the date of investment). The loaned amounts are due twenty-four months from the issue date, which can be extended upon mutual agreement. The convertible note bears interest at either an annual rate of 12% for cash interest or 15% for payment in kind interest on the outstanding amount under the note, such rate being selected by Bodytrak.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The following discussion and analysis should be read in conjunction with the historical financial statements and other financial information included elsewhere in this quarterly report on Form 10-Q. This Form 10-Q may contain certain forward-looking statements. When used in this Form 10-Q or in any other presentation, statements which are not historical in nature, including the words "anticipate," "estimate," "should," "expect," "believe," "intend," "project", "plan," "seek," "will," "may," "might," "would," "could" and similar expressions, are intended to identify forward-looking statements. They also include statements containing a projection of sales, earnings or losses, capital expenditures, dividends, capital structure or other financial terms.

The forward-looking statements in this Form 10-Q are based upon our management's beliefs, assumptions and expectations of our future operations and economic performance, taking into account the information currently available to us. These statements are not statements of fact. Forward-looking statements involve risks and uncertainties, some of which are not currently known to us that may cause our actual results, performance or financial condition to be materially different from the expectations of future results, performance or financial condition we express or imply in any forward-looking statements. Some of the important factors that could cause our actual results, performance or financial condition to differ materially from expectations are:

- we are subject to risk as a result of our international manufacturing operations and are subject to the risk of doing business in foreign countries, particularly in China and Vietnam, which could affect our ability to manufacture or sell our products, obtain products from foreign suppliers or control the costs of our products;
- a terrorist attack, other geopolitical crisis, or widespread outbreak of an illness or other health issue, such as the COVID-19 pandemic, could negatively impact our domestic and/or international operations;
- our results of operations could be negatively affected by potential fluctuations in foreign currency exchange rates;

- we have manufacturing and other operations in China which may be adversely affected by tariff wars and other trade maneuvers;
- our results of operations may vary widely from quarter to quarter;
- disruption in our supply chain, manufacturing or distribution operations could adversely affect our business;
- climate change and other sustainability matters may adversely affect our business and operations;
- some of our sales are to foreign buyers, which exposes us to additional risks;
- we deal in countries where corruption is an obstacle;
- we are exposed to U.S. and foreign tax risks;
- because we do not have long-term commitments from many of our customers, we must estimate customer demand, and errors in our estimates could negatively impact our inventory levels and net sales;
- we face competition from other companies, a number of which have substantially greater resources than we do;
- our operations are substantially dependent upon key personnel;
- cybersecurity incidents could disrupt business operations, result in the loss of critical and confidential information and adversely impact our reputation and results of operations;
- we may be subject to product liability claims, and insurance coverage could be inadequate or unavailable to cover these claims;
- environmental laws and regulations may subject us to significant liabilities;
- provisions in our restated certificate of incorporation and by-laws and Delaware law could make a merger, tender offer or proxy contest difficult;
- we may not achieve the expected benefits from strategic acquisitions, investments, joint ventures, capital investments and other corporate transactions that we have pursued or may pursue;
- we may need additional funds, and if we are unable to obtain these funds, we may not be able to expand or operate our business as planned;
- adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect our business, financial condition or results of operations;
- rapid technological change could negatively affect sales of our products, inventory levels and our performance; and
- the other factors referenced in this Form 10-Q, including, without limitation, in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the factors described under “Risk Factors” disclosed in our fiscal 2024 Form 10-K.

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We believe these forward-looking statements are reasonable; however, you should not place undue reliance on any forward-looking statements which are based on current expectations. Furthermore, forward-looking statements speak only as of the date they are made. We undertake no obligation to publicly update or revise any forward-looking statements after the date of this Form 10-Q, whether as a result of new information, future events or otherwise, except as may be required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Form 10-Q might not occur. We qualify any and all of our forward-looking statements entirely by these cautionary factors.

Business Overview

We manufacture and sell a comprehensive line of industrial protective clothing and accessories for the industrial and public protective clothing market. Our products are sold globally by our in-house sales teams, our customer service group, and authorized independent sales representatives to a network of over 2,000 global safety and industrial supply distributors. Our authorized distributors supply end users, such as integrated oil, chemical/petrochemical, automobile, transportation, steel, glass, construction, smelting, cleanroom, janitorial, pharmaceutical, and high technology electronics manufacturers, as well as scientific, medical laboratories and the utilities industry. In addition, we supply federal, state and local governmental agencies and departments, such as fire and law enforcement, airport crash rescue units, the Department of Defense, the Department of Homeland Security and the Centers for Disease Control. Internationally, we sell to a mixture of end users directly and to industrial distributors, depending on the particular country and market. In addition to the United States, sales are made into more than 50 foreign countries, the majority of which were into China, the European Economic Community ("EEC"), Canada, Chile, Argentina, Russia, Kazakhstan, Colombia, Mexico, Ecuador, India, Uruguay, Middle East, Southeast Asia, New Zealand, Australia and Southeast Asia. Hong Kong.

The Company's strong market position across its focus product categories and markets is supported by continued and increasing investment in its global footprint, particularly owning and operating its own manufacturing facilities, acquiring complementary companies or products that expand and enhance product offerings and/or geographic customer territories, and investing in sales and marketing resources in countries around the world. We believe that ownership of manufacturing is the keystone to building a resilient supply chain and providing high-quality products to our customers. Having seven manufacturing locations in seven countries on five continents, coupled with sourcing core raw materials from multiple suppliers in various countries, affords Lakeland with superior manufacturing capabilities and supply chain resilience when compared to our competitors who use contractors. Additionally, our focus on providing customers with best-in-class service includes the strategic location of our sales team members. Lakeland has 95 sales employees located in 24 countries selling into more than 50 countries globally.

On February 5, 2024 July 1, 2024, the Company acquired Italy the fire and Romania-based Jolly Scarpe S.p.A. rescue business of LHD Group Deutschland GmbH and Jolly Scarpe Romania S.R.L. its subsidiaries in Hong Kong and Australia (collectively, "Jolly" "LHD") in an all-cash transaction. transaction subject to post-closing adjustments and customary holdback provisions. Total consideration was $9.6 million $15.9 million, net of $1.5 million cash acquired, of which $7.5 million $15.5 million was paid to retire LHD's debt, $0.8 million was paid to the seller at closing, $0.6 million paid to retire the remainder of Jolly's debt and $1.5 million $1.1 million remained unpaid subject to post-closing adjustments and customary holdback provisions. Jolly LHD is a leading designer provider of firefighter turnout gear, accessories, and manufacturer of professional footwear for the firefighting, military, police, personal protective equipment cleaning, repair, and rescue markets. The company maintenance. LHD has 111 employees worldwide and is headquartered in Montebelluna, Italy, Wesseling, Germany, with manufacturing operations in Bucharest, Romania, and has 150 employees. Jolly provides a differentiated product portfolio through its continued investment in research and development and use of modern materials and cutting-edge technologies in the production of its footwear.

On November 30, 2023 the Company acquired New Zealand-based Pacific Helmets NZ Limited ("Pacific") in an all-cash transaction valued at approximately NZ$14,000,000 ($8.6 million) including assumption of debt, subject to post-closing adjustments and customary holdback provisions. The acquisition enhances Lakeland's product portfolio, particularly within fire service protective helmets. Headquartered in Whanganui, New Zealand, Pacific is a leading designer and provider of structural firefighting, wildland firefighting, and technical rescue helmets.

On December 2, 2022, the Company acquired UK-based Eagle Technical Products Limited ("Eagle") in an all-cash transaction valued at approximately $10.5 million, subject to post-closing adjustments and potential future earnout payments. The acquisition enhances Lakeland's product portfolio, particularly within fire service protective clothing and expands its sales presence in the Middle East and Europe.

Our net sales attributable to customers outside the United States were $22.0 million and $16.4 million for the three months ended April 30, 2024 and 2023, respectively.

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We are continually monitoring the potential financial impact of the Russian invasion of Ukraine on our operations. For the three months ended April 30, 2024, sales in Russia were approximately 2.9% of our consolidated sales and sales into Ukraine were not significant. We do not have any capital assets in Russia.

Results of Operations

Three Months ended April 30, 2024, Compared to the Three Months Ended April 30, 2023

Net Sales. Net sales were $36.3 million for the three months ended April 30, 2024, an increase of $7.6 million or 26.5% compared to $28.7 million for the three months ended April 30, 2023. Sales of our Fire Services product line increased $5.0 million due to $3.8 million in sales from Jolly, acquired in February 2024 and Pacific, acquired in November 2023, and $1.2 million growth in the product line. We also saw strength in the Woven product line with an increase of $1.1 million, primarily in the international market. We also saw improvements in our Disposable and Chemical product lines with an increase of $1.6 million.

Gross Profit. Gross profit for the three months ended April 30, 2024 was $16.2 million, an increase of $3.7 million, or 30.1%, compared to $12.4 million for the three months ended April 30, 2023. Gross profit as a percentage of net sales increased to 44.6% for the three-month period ended April 30, 2024, from 43.4% for the three months ended April 30,

2023. Gross profit performance improved in the three months ended April 30, 2024 due to increased sales in our higher margin product lines and improvements in our manufacturing facilities.

Operating Expense. Operating expenses increased by $3.5 million, or 33.3%, from $10.5 million for the three months ended April 30, 2023 to $14.0 million for the three months ended April 30, 2024. This increase is attributable to the acquisition of Jolly and Pacific which increased operating expenses by $1.3 million. In addition, the Company incurred transaction expenses of $1.0 million coupled with costs of $0.2 million due to ongoing PFAS litigation and $0.3 million of costs associated with the Monterrey facility. The remaining increase was related to additional selling expenses including travel and trade shows, professional fees and administrative expenses of $0.9 million. During the quarter ended April 30, 2024, the Company evaluated the earnout consideration accrual related to the Eagle and Pacific acquisitions and reduced the accrual by $0.7 million, which was recorded as a reduction in operating expense. During the quarter ended April 30, 2023, the Company evaluated the earnout consideration accrual related to the Eagle acquisitions and reduced the accrual by $0.5 million, which was recorded as a reduction in operating expense. Operating expenses as a percentage of net sales was 38.5% for the three months ended April 30, 2024, up from 36.6% for the three months ended April 30, 2023, primarily due to the factors noted above.

Operating Profit. Operating profit increased to $2.2 million for the three months ended April 30, 2024 from $1.9 million for the three months ended April 30, 2023, due to the impacts detailed above. Operating margins were 6.1% for the three months ended April 30, 2024, as compared to 6.8% for the three months ended April 30, 2023.

Income Tax Expense. Income tax expense consists of federal, state and foreign income taxes. Income tax expense was $0.4 million for the three months ended April 30, 2024, compared to $0.5 million for the three months ended April 30, 2023. The decrease is a result of the increase in pre-tax income offset by the impacts of final earn-out adjustments related to the Pacific and Eagle acquisitions. The Company's effective tax rate for the first quarter of FY25 was 19.0% which differs from the U.S. federal statutory rate of 21% primarily due to rate differentials in foreign tax jurisdictions, GILTI, and the earn-out adjustments related to the Pacific and Eagle acquisitions mentioned above. The Company's effective tax rate for the first quarter of FY24 was 29.1%, which differs from the U.S. federal statutory rate of 21% primarily due to rate differentials in foreign tax jurisdictions and GILTI.

Net Income. Net income increased by $0.4 million to $1.7 million for the three months ended April 30, 2024 from $1.3 million for the three months ended April 30, 2023.

Significant Balance Sheet Fluctuation April 30, 2024, Compared to January 31, 2024

Cash increased by $3.1 million primarily due to the acquisition of Jolly. Cash provided by operations was $0.3 million due to net income of $1.7 million, non-cash charges of $0.3 million, reductions in working capital of $0.5 million, offset by payments historically made in the first fiscal quarter including insurance and other annual costs and payment of accrued employee compensation. The impact of these payments was a net use of cash of $2.2 million.

Net cash used in investing activities was $9.2 million which included the acquisition of Jolly which required net cash of $8.1 million and a further investment in Bodytrak's convertible debt instruments of $0.6 million. Capital expenditures were $0.5 million for the three months ended April 30, 2024, primarily for manufacturing equipment.

Net cash provided by financing activities was $11.6 million for the three months ended April 30, 2024, due to $12.3 million borrowed to fund the Jolly acquisition offset by dividends of $0.2 million, repayment of short-term borrowings of

$0.4 million and $0.1 million in shares returned to pay income taxes on shares vested under our equity compensation program.

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Liquidity and Capital Resources

At April 30, 2024, cash and cash equivalents were approximately $28.4 million, and working capital was approximately $92.4 million. Cash and cash equivalents increased $3.1 million, and working capital increased $9.5 million from January 31, 2024 due to the balance sheet fluctuations described above and the acquisition of Pacific and Jolly.

Of the Company's total cash and cash equivalents of $28.4 million as of April 30, 2024, cash held in Latin America of $2.0 million, cash held in the UK of $1.4 million, cash held in Russia and Kazakhstan of $1.0 million, cash held in the EEC of $4.2, cash held in India of $0.8 million, cash held in Vietnam of $0.9 million, and cash held in Hong Kong of $0.6 million would not be subject to additional US tax in the event such cash was repatriated due to the change in the US tax law as a result of the December 22, 2017 enactment of the 2017 Tax Cuts and Jobs Act (the "Tax Act"). When the Company repatriates cash from China, of the $9.4 million balance at April 30, 2024, there could be an additional 10% withholding tax incurred in that country. The Company expects to repatriate cash from China during FY 25 and in anticipation of doing so, has accrued withholding tax expense of $0.4 million as of April 30, 2024. Australia.

Cash provided by operations was $0.3 million due to net income of $1.7 million, non-cash charges of $0.3 million, reductions in working capital of $0.5 million, offset by payments historically made in the first fiscal quarter including insurance and other annual costs and payment of accrued employee compensation. The impact of these payments was a net use of cash of $2.2 million. Net cash used in investing activities was $9.2 million which included the acquisition of Jolly which required net cash of $8.1 million and a further investment in Bodytrak's convertible debt instruments of $0.6 million. Capital expenditures were $0.5 million for the three months ended April 30, 2024, primarily for manufacturing equipment. Net cash provided by financing activities was $11.6 million for the three months ended April 30, 2024, due to $12.3 million borrowed to fund the Jolly acquisition offset by dividends of $0.2 million, repayment of short-term borrowings of $0.4 million and $0.1 million in shares returned to pay income taxes on shares vested under our equity compensation program.

On February 5, 2024, the Company acquired Italy and Romania-based Jolly Scarpe S.p.A. and Jolly Scarpe Romania S.R.L. (collectively, "Jolly") in an all-cash transaction. Total consideration was $9.6 million, of which $7.5 million was paid to the seller at closing, $0.6 million paid to retire the remainder of Jolly's debt and $1.5 million remained unpaid subject to post-closing adjustments and customary holdback provisions. Jolly is a leading designer and manufacturer of professional footwear for the firefighting, military, police, and rescue markets. The company is headquartered in Montebelluna, Italy, with manufacturing operations in Bucharest, Romania, and has 150 employees. Jolly provides a differentiated Jolly's primary customers are based in Europe.

On November 30, 2023 the Company acquired New Zealand-based Pacific Helmets NZ Limited ("Pacific") in an all-cash transaction valued at approximately NZ$14,000,000 ($8.6 million) including assumption of debt, subject to post-closing adjustments and customary holdback provisions. The acquisition enhances Lakeland's product portfolio, through particularly within fire service protective helmets. Headquartered in Whanganui, New Zealand, Pacific is a leading designer and provider of structural firefighting, wildland firefighting, and technical rescue helmets.

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Our net sales attributable to customers outside the United States were $26.2 million and $17.9 million for the three months ended July 31, 2024 and 2023, respectively, and $48.2 million and $34.3 million for the six months ended July 31, 2024 and 2023, respectively.

We are continually monitoring the potential financial impact of the Russian invasion of Ukraine on our operations. For the first half of FY25, sales in Russia were approximately 2.8% of our consolidated sales and sales into Ukraine were not significant. We do not have any capital assets in Russia.

Results of Operations

Three Months ended July 31, 2024, Compared to the Three Months Ended July 31, 2023

Net Sales. Net sales were $38.5 million for the three months ended July 31, 2024, an increase of $5.4 million or 16.3% compared to $33.1 million for the three months ended July 31, 2023. Sales of our Fire Services product line increased $3.0 million due to $5.8 million in sales from LHD, acquired in July 2024, Jolly, acquired in February 2024 and Pacific, acquired in November 2023, and growth in the product line offset by a $2.6 million reduction in sales from Eagle due to a large order delivery in the prior year. We also saw strength in the Woven product line with an increase of $3.1 million, primarily in the Latin America market. These improvements were offset by a slight decline in industrial sales.

*Gross Profit.*Gross profit for the three months ended July 31, 2024 was $15.2 million, an increase of $1.0 million, or 7.0%, compared to $14.2 million for the three months ended July 31, 2023. Gross profit as a percentage of net sales decreased to 39.6% for the three-month period ended July 31, 2024, from 42.9% for the three months ended July 31, 2023. Gross profit performance declined in the three months ended July 31, 2024 due to increased manufacturing costs, in-bound freight expense, increase in deferred profit in ending inventory and amortization of the step up in basis of acquired inventory, partially offset by a favorable sales mix.

Operating Expense. Operating expenses increased by $6.4 million, or 61.5%, from $10.4 million for the three months ended July 31, 2023 to $16.8 million for the three months ended July 31, 2024. This increase is attributable to the acquisition of LHD, Jolly and Pacific which increased operating expenses by $2.4 million. In addition, the Company incurred transaction expenses of $0.7 million, restructuring costs of $0.7 million, $0.5 million of foreign currency losses from the continued devaluation of the Argentine peso, equity compensation of $0.4 million, ongoing PFAS litigation costs of $0.2 million and $0.2 million of costs associated with the Monterrey facility. The remaining increase was related to additional selling expenses including travel and trade shows, professional fees and administrative expenses of $0.8 million. During the quarter ended July 31, 2023, the Company evaluated the earnout consideration accrual related to the Eagle acquisition and reduced the accrual by $0.7 million, which was recorded as a reduction in operating expense. Operating expenses as a percentage of net sales was 43.6% for the three months ended July 31, 2024, up from 31.6% for the three months ended July 31, 2023, primarily due to the factors noted above.

Operating Profit. Operating loss was $(1.6) million for the three months ended July 31, 2024 compared to operating profit of $3.7 million for the three months ended July 31, 2023, due to the impacts detailed above. Operating margins were (4.2%) for the three months ended July 31, 2024, as compared to 11.2% for the three months ended July 31, 2023.

Income Tax Expense. Income tax expense consists of federal, state and foreign income taxes. Income tax benefit was $0.4 million for the three months ended July 31, 2024, compared to an expense of $1.2 million for the three months ended July 31, 2023. The reduction in tax expense between the two periods is primarily a result of the decrease in pre-tax income. The Company's effective tax rate for the second quarter of FY25 was 23.4% which differs from the U.S. federal statutory rate of 21% primarily due to rate differentials in foreign tax jurisdictions, GILTI, and the impacts from stock compensation vestings during the quarter, partially offset by foreign withholding taxes accrued during the quarter in anticipation of additional repatriations of cash from China. The Company's effective tax rate for the second quarter of FY24 was 32.7%, which differs from the U.S. federal statutory rate of 21% primarily due to rate differentials in foreign tax jurisdictions and GILTI.

*Net Income (Loss).*Net loss was $(1.4) million for the three months ended July 31, 2024, compared to net income of $2.5 million for the three months ended July 31, 2023.

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Six Months ended July 31, 2024, Compared to the Six Months Ended July 31, 2023

Net Sales. Net sales were $74.8 million for the six months ended July 31, 2024 as compared to $61.8 million for the six months ended July 31, 2023, an increase of 21.0%. Our fire service product line increased by $8.0 million in the period due to the impact of the acquisitions of LHD, Jolly and Pacific which contributed $9.6 million in sales coupled with organic growth of $1.1 million, offset by a $2.6 million reduction in sales from Eagle due to a large order delivery in the prior year. Sales of our woven product line increased $4.2 million due to strength in the Latin America market, primarily from Argentina. Our remaining product lines delivered modest growth of $0.8 million.

Gross Profit. Gross profit was $31.4 million for the six months ended July 31, 2024, an increase of $4.8 million, or 18.0%, from $26.6 million for the six months ended July 31, 2023. Gross profit as a percentage of net sales decreased to 42.0% for the six months ended July 31, 2024, from 43.1% for the six months ended July 31, 2023 due to increased manufacturing costs, in-bound freight expense, increase in deferred profit in ending inventory and amortization of the step up in basis of acquired inventory partially offset by a favorable sales mix.

Operating Expense. Operating expenses increased $9.8 million, or 46.7%, to $30.8 million for the six months ended July 31, 2024 from $21.0 million for the six months ended July 31, 2023. The acquisitions of LHD, Jolly and Pacific accounted for $3.7 million of the increase in operating expenses. The Company incurred $1.7 million in acquisition costs associated with these acquisitions. In addition, the Company incurred ongoing PFAS litigation costs of $0.4 million and $0.5 million of costs associated with the Monterrey facility. The impact of the adjustment to the earnout consideration accrual related to the Eagle acquisition was a reduction to operating expenses of $0.7 million for the 6 months ended July 31, 2024 compared to a reduction of $1.2 million for the six months ended July 31, 2023, which was recorded as a reduction in operating expense. The remaining increase was related to additional selling expenses including travel and trade shows, professional fees and administrative expenses of $3.1 million. Operating expenses as a percentage of net sales was 41.1% for the six months ended July 31, 2024, up from 33.9% for the six months ended July 31, 2023.

Operating Profit. Operating profit decreased to $0.6 million for the six months ended July 31, 2024 from $5.7 million for the six months ended July 31, 2023, due to the impacts detailed above. Operating margins were 0.8% for the six months ended July 31, 2024, as compared to 9.2% for the six months ended July 31, 2023.

Income Tax Expense. Income tax expense consists of federal, state and foreign income taxes. Income tax benefit was less than $0.1 million for the six months ended July 31, 2024, compared to an expense of $1.7 million for the six months ended July 31, 2023.

In Q2 FY23, the Company changed its continued permanent reinvestment assertions for its Chinese operations due to increased volatility of the Chinese yuan and geopolitical uncertainties. The Company recorded $2 million in withholding taxes for a planned repatriation during FY23. In Q1 FY23, the Company recorded deferred tax benefits of $0.2 million related to accruals for China social taxes. Excluding these discrete items the Company's effective rate was (13.1%) and 31.5% for the six months ended July 31, 2024 and 2023, respectively.

Net Income (Loss). Net income decreased by $3.5 million to $0.3 million for the six months ended July 31, 2024 from $3.8 million for the six months ended July 31, 2023.

Liquidity and Capital Resources

At July 31, 2024, cash and cash equivalents were approximately $24.9 million, and working capital was approximately $98.2 million. Cash and cash equivalents decreased $0.3 million, and working capital increased $15.0 million from January 31, 2024 due to the balance sheet fluctuations described above and the acquisition of LHD, Pacific and Jolly.

Of the Company's total cash and cash equivalents of $24.9 million as of July 31, 2024, cash held in Latin America of $2.4 million, cash held in the UK of $1.7 million, cash held in Russia and Kazakhstan of $1.5 million, cash held in the EEC of $6.3 million, cash held in India of $0.5 million, cash held in Vietnam of $0.2 million, and cash held in Hong Kong of $0.3 million would not be subject to additional US tax in the event such cash was repatriated due to the change in the US tax law as a result of the December 22, 2017 enactment of the 2017 Tax Cuts and Jobs Act (the "Tax Act"). When the Company repatriates cash from China, of the $7.4 million balance at July 31, 2024, there could be an additional 10% withholding tax incurred in that country. The Company expects to repatriate cash from China during the third quarter of FY 25 and in anticipation of doing so, has accrued withholding tax expense of $0.5 million as of July 31, 2024.

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Cash used in operations was $4.1 million due to net income of $0.5 million, non-cash charges of $1.4 million, increases in working capital of $6.0 million, primarily due to a build in inventory in preparation for forecasted increase in sales in the second half of the year. Net cash used in investing activities was $24.4 million which included the acquisition of LHD and Jolly which required net cash of $22.9 million and a further investment in research Bodytrak's convertible debt instruments of $0.6 million. Capital expenditures were $0.8 million for the six months ended July 31, 2024, primarily for manufacturing equipment. Net cash provided by financing activities was $27.0 million for the six months ended July 31, 2024, due to $28.3 million borrowed to fund the LHD and development Jolly acquisitions offset by dividends of $0.4 million, term loan borrowings of $2.9 million to support Jolly operations, repayment of term loan borrowings of $0.4 million and use repayments of modern materials our revolving credit facility of $3.0 million and cutting-edge technologies $0.3 million in shares returned to pay income taxes on shares vested under our equity compensation program.

On July 1, 2024, the production Company acquired the fire and rescue business of LHD Group Deutschland GmbH and its footwear. subsidiaries in Hong Kong and Australia (collectively, "LHD") in an all-cash transaction valued at approximately $16.3 million subject to post-closing adjustments and customary holdback provisions. Total consideration was $15.9 million, net of $1.5 million cash acquired, of which $15.5 million was paid to retire LHD's debt, $0.8 million was paid to the seller at closing, and $1.1 million remained unpaid subject to post-closing adjustments and customary holdback provisions. LHD is a leading provider of firefighter turnout gear, accessories, and personal protective equipment cleaning, repair, and maintenance. LHD has 111 employees worldwide and is headquartered in Wesseling, Germany, with operations in Hong Kong and Australia.

On February 5, 2024, the Company acquired Italy and Romania-based Jolly Scarpe S.p.A. and Jolly Scarpe Romania S.R.L. (collectively, "Jolly") in an all-cash transaction. Total consideration was $9.6 million, of which $7.5 million was paid to the seller at closing, $0.6 million was paid to retire the remainder of Jolly's debt and $1.5 million remained unpaid subject to post-closing adjustments and customary holdback provisions. Jolly is a leading designer and manufacturer of professional footwear for the firefighting, military, police, and rescue markets. The company is headquartered in Montebelluna, Italy, with manufacturing operations in Bucharest, Romania, and has 150 employees. Jolly's primary customers are based in Europe.

On November 30, 2023 the Company acquired New Zealand-based Pacific Helmets NZ Limited ("Pacific") in an all-cash transaction valued at approximately NZ$14,000,000 ($8.6 million) including assumption of debt, subject to post-closing adjustments and customary holdback provisions. The acquisition enhances Lakeland's product portfolio, particularly within fire service protective helmets. Headquartered in Whanganui, New Zealand, Pacific is a leading designer and provider of structural firefighting, wildland firefighting, and technical rescue helmets.

We believe our current cash, cash equivalents, borrowing capacity under our Loan Agreement, and the cash to be generated from expected product sales will be sufficient to meet our projected operating and investing requirements (including planned capital expenditures) for at least the next twelve months. However, our liquidity assumptions may prove to be incorrect, and we could utilize our available financial resources sooner than we currently expect.

On June 25, 2020, the Company entered into a Loan Agreement (the “Loan Agreement”) with Bank of America (the “Lender”). The Loan Agreement provided the Company with a secured $25.0 million revolving credit facility, which included a $5.0 million letter of credit sub-facility. The Company could request from time to time an increase in the revolving credit loan commitment of up to $5.0 million (for a total commitment of up to $30.0 million). Borrowing pursuant to the revolving credit facility was subject to a borrowing base amount calculated as (a) 80% of eligible accounts receivable, as defined, plus (b) 50% of the value of acceptable inventory, as defined, minus (c) certain reserves as the Lender may establish for the amount of estimated exposure, as reasonably determined by the Lender from time to time, under certain interest rate swap contracts. The borrowing base limitation only applied during periods when the Company’s quarterly funded debt to EBITDA ratio, as defined, exceeds exceeded 2.00 to 1.00. The Loan Agreement permitted, without the prior consent of the Lender, acquisitions of a business or its assets by the Company or its subsidiaries if there was no default under the Loan Agreement and the aggregate consideration did not exceed $7.5 million for any individual acquisition or $15.0 million on a cumulative basis for all such acquisitions. On March 3, 2023, the Company changed the benchmark interest rate in the credit facility from LIBOR to the Secured Overnight Financing Rate (“SOFR”). The credit facility was to mature on June 25, 2025.

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On November 30, 2023, the Company entered into Amendment No. 3 to the Loan Agreement by and between the Lender and the Company (the “Third Amendment”). Pursuant to the Third Amendment, the Lender consented to the Company’s acquisition of one hundred percent (100%) of the equity interests of Pacific. The Third Amendment further provided for certain amendments to the Loan Agreement to permit additional indebtedness to be made available to Pacific, to exempt Pacific from certain requirements of the Loan Agreement pertaining to subsidiary guaranty and asset pledges that would otherwise be required under the Loan Agreement and to waive the Company’s borrowing base limitations through January 31, 2024. The Third Amendment also provided for the reaffirmation of representations, warranties and covenants under the Loan Agreement as are customary in connection with similar amendments of credit documents.

On March 28, 2024, the Company entered into Amendment No. 4 to the Loan Agreement by and between the Lender and the Company (the “Fourth Amendment”). Pursuant to the Fourth Amendment, the Lender and the Company agreed to, among other things, (i) extend the expiration date of the credit facility to March 28, 2029, (ii) increase the availability under the revolving credit facility to $40.0 million with an accordion feature providing for the potential funding of an additional $10.0 million, (iii) remove the borrowing base component of the credit facility; facility, and (iv) modify the interest rate based on Daily SOFR plus the Applicable Rate. The Applicable Rate is based upon a Funded Debt to EBITDA Ratio and includes four (4) different levels constituting a SOFR margin range from 1.25% to 2.00%. In addition, the Fourth Amendment (i) modified the Funded Debt to EBITDA Ratio covenant so as not to exceed 3.5x (with step-downs to 3.25 and 3.0 in 2025 and 2026), (ii) modified the Basic Fixed Charge Coverage Ratio covenant to a minimum of 1.20x, (iii) includes a springing Asset Coverage Ratio covenant of at least 1.10x, but only to the extent that the maximum Total Leverage Ratio exceeds 3.00x at any reporting period, (iv) increases the sublimit for letters of credit to $10.0 million, and (v) imposes a floor to Daily SOFR of one percent (1.00%). The Fourth Amendment provides for additional indebtedness or the assumption of existing indebtedness for acquisitions of foreign subsidiaries (not to exceed $10.0 million in USD) and increased the size of Permitted Acquisitions, without prior approval from the Lender, to $17.5 million per occurrence and $35.0 million in the aggregate. We were in compliance with all financial covenants of the Loan Agreement as of April 30, 2024 July 31, 2024.

Stock Repurchase Program. On February 17, 2021, the Company's Board of Directors approved a stock repurchase program under which the Company may repurchase up to $5 million of its outstanding common stock. On July 6, 2021, the Board of Directors authorized an increase in the Company's stock repurchase program, under which the Company may repurchase up to an additional $5 million of its outstanding common stock. On April 7, 2022, the Board of Directors authorized a new stock repurchase program under which the Company may repurchase up to $5 million of its outstanding common stock, which became effective upon the completion of the prior share repurchase program. On December 1, 2022, the Board of Directors authorized an increase in the Company's stock repurchase program, under which the Company may repurchase up to an additional $5 million of its outstanding common stock.

No shares were repurchased in the three six months ended April 30, 2024 July 31, 2024 leaving $5.0 million remaining under the share repurchase program at April 30, 2024 July 31, 2024. The share repurchase program has no expiration date but may be terminated by the Board of Directors at any time.

Quarterly Cash Dividend. On February 1, 2024 May 1, 2024, the Board of Directors declared a quarterly cash dividend. The quarterly dividend of $0.03 per share was paid on February 22, 2024 May 22, 2024, to stockholders of record as of February 15, 2024 May 15, 2024.

Capital Expenditures. Our capital expenditures for the three six months ended April 30, 2024 July 31, 2024 of $0.5 million $0.8 million principally relate to capital purchases for replacement of manufacturing equipment. We anticipate FY25 capital expenditures to be approximately $3.0 million as we invest in strategic capacity expansion and replace existing equipment in the normal course of operations. We expect to fund the capital expenditures from our cash flow from operations. The Company may also expend funds in connection with potential acquisitions.

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Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. A summary of our significant accounting policies is included in Note 1 to our consolidated financial statements in our fiscal year 2024 Form 10-K. Certain of our accounting policies are considered critical, as these policies are the most important to the depiction of our financial statements and require significant, difficult, or complex judgments, often employing the use of estimates about the effects of matters that are inherently uncertain. Such policies are summarized in the Management's Discussion and Analysis of Financial Condition and Results of Operations section in our 2024 Form 10-K. There have been no significant changes in the application of our critical accounting policies during the three six months ended April 30, 2024 July 31, 2024.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item, and therefore, no disclosure is required under Item 3 for the Company.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on their evaluation as of the end of the period covered by this Form 10-Q, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) accumulated and communicated to our management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the first second quarter of fiscal 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

On February 17, 2021, the Company's Board of Directors approved a stock repurchase program under which the Company mayrepurchase up to $5 million of its outstanding common stock. On July 6, 2021, the Board of Directors authorized an increase in the Company's then-current stock repurchase program under which the Company may repurchase up to an additional $5 million of its outstanding common stock (the "Prior Share Repurchase Program"). On April 7, 2022, the Board of Directors authorized a new stock repurchase program under which the Company may repurchase up to $5 million of its outstanding common stock (the "New Share Repurchase Program"). The New Share Repurchase Program became effective upon the completion of the Prior Share Repurchase Program. The New Share Repurchase Program has no expiration date but may be terminated by the Board of Directors at any time. On December 1, 2022, the Board of Directors authorized an increase in the New Share Repurchase Program under which the Company may repurchase up to an additional $5 million of its outstanding common stock.

The common shares available for repurchase under the authorizations currently in effect may be purchased from time to time, with consideration given to the market price of the common shares, the nature of other investment opportunities, cash flows from operations, general economic conditions and other relevant considerations. Repurchases may be made on the open market or through privately negotiated transactions.

The following table sets forth purchases made by or on behalf of the Company or any "affiliated purchaser," as defined in Rule 10b-18(a)(3) of the Exchange Act, of shares of the Company's common stock during the first second quarter of fiscal 2025:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Dollar Amount of Shares that May Yet Be Purchased Under the Programs (2)
February 1 – February 29	3,877	$ —	—	$ 5,030,479
March 1 – March 31	—	$ —	—	$ 5,030,479
April 1 – April 30	3,341	$ ---	---	$ 5,030,479

Total	7,218	$ ---	---	$ 5,030,479

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Dollar Amount of Shares that May Yet Be Purchased Under the Programs (2)
May 1 – May 31	---	$ —	—	$ 5,030,479
June 1 – June 30	7,375	$ —	—	$ 5,030,479
July 1 – July 31	267	$ ---	---	$ 5,030,479
Total	7,642	$ ---	---	$ 5,030,479

(1) Includes withholding of 7,218 7,642 restricted shares to cover taxes on vested restricted shares during the first second quarter of FY25.

(2) Represents the amount remaining under our share repurchase program as of April 30, 2024 July 31, 2024.

Item 5. Other Information

None.

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Item 6. Exhibits:

Exhibits:

*** Filed herewith**

† Furnished herewith

2.1*	Share Purchase Agreement, by and between Minerva Manufacture de chaussures S.A. and Lakeland Global Safety, Ltd., dated February 5, 2024 (incorporated by reference to Exhibit 2.3 of Lakeland Industries, Inc.'s Form 10-K filed April 11, 2024)
2.2*	Share Sale and Purchase Agreement, by and between Kantaras Investments Pte. Ltd., Lakeland Global Safety, Ltd., dated April 2, 2024
3.1	Restated Certificate of Incorporation of Lakeland Industries, Inc., as amended (incorporated by reference to Exhibit 4.1 of Lakeland Industries, Inc.'s Registration Statement on Form S-8 filed on September 3, 2021)
3.2	Amended and Restated Bylaws of Lakeland Industries Inc. (incorporated by reference to Exhibit 3.1 of Lakeland Industries, Inc.'s Form 8-K filed April 28, 2017)
10.1* 10.1	Amendment No. 4 to Loan Agreement, dated March 28, 2024, by and between Lakeland Industries, Inc. and Bank Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 of America, N.A. Lakeland Industries, Inc.'s Form 8-K filed June 17, 2024).
10.2	Lakeland Industries, Inc. 2017 Equity Incentive Plan, inclusive of all amendments through June 13, 2024 (incorporated by reference to Exhibit 10.2 of Lakeland Industries, Inc.'s Form 8-K filed June 17, 2024).
10.3*	Lakeland Industries, Inc. Executive Change in Control Plan
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15(d)-14(a) under the Securities Exchange Act of 1934
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or 15(d)-14(a) under the Securities Exchange Act of 1934
32.1†	Certification of Chief Executive Officer as adopted pursuant to 18 U.S.C. Section 1350 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2†	Certification of Principal Financial Officer as adopted pursuant to 18 U.S.C. Section 1350 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following financial statements from the Quarterly Report on Form 10-Q for the quarter ended April 30, 2024 July 31, 2024, formatted in Inline XBRL: (i) Condensed Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to the Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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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.

LAKELAND INDUSTRIES, INC.
(Registrant)

Date: June 6, 2024 September 6, 2024	*/s/ James M. Jenkins* James M. Jenkins, Chief Executive Officer, President and Executive Chairman (Principal (Principal Executive Officer and Authorized Signatory)
Date: June 6, 2024 September 6, 2024	*/s/ Roger D. Shannon* Roger D. Shannon, Chief Financial Officer and Secretary (Principal Financial Officer and Authorized Signatory)

EXHIBIT 2.2 10.3

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EXHIBIT 10.1

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EXHIBIT 31.1

CERTIFICATION PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James M. Jenkins, certify that:

1) I have reviewed this report on Form 10-Q of Lakeland Industries, Inc. (the “registrant”);

2) Based on my knowledge, this report does not contain any untrue statements 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 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 we have:

a. 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 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 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 controls 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 controls over financial reporting.

Date: June 5, 2024

By: */s/ James M. Jenkins*
Chief Executive Officer, President and
Executive Chairman

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EXHIBIT 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Roger D. Shannon, certify that:

1) I have reviewed this report on Form 10-Q of Lakeland Industries, Inc. (the "registrant");

2) Based on my knowledge, this report does not contain any untrue statements 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 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 we 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 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 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 controls 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 controls over financial reporting.

Date: September 4, 2024

Date: June 5, 2024

By: ***/s/ James M. Jenkins***

Chief Executive Officer, President and Executive Chairman

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EXHIBIT 31.2

CERTIFICATION PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Roger D. Shannon, certify that:

1) I have reviewed this report on Form 10-Q of Lakeland Industries, Inc. (the "registrant");

2) Based on my knowledge, this report does not contain any untrue statements 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 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 we 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;

By: */s/ Roger D. Shannon*

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 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 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 controls 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 controls over financial reporting.

Date: September 4, 2024

By: ***/s/ Roger D. Shannon***

Chief Financial Officer and Secretary

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EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to 18 USC. § 1350, As Adopted Pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002

In connection with the filing with the Securities and Exchange Commission of the Quarterly Report of Lakeland Industries, Inc. (the "Company") on Form 10-Q for the period ended April 30, 2024 July 31, 2024 (the "Report"), I, James M. Jenkins, Chief Executive Officer, President and Executive Chairman of the Company, certify, pursuant to 18 USC. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934; and

(2) (1) The Report fully complies with the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods described therein.

/s/ James M. Jenkins

James M. Jenkins

Chief Executive Officer, President and Executive Chairman

September 4, 2024

June 5, 2024

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EXHIBIT 32.1 32.2

CERTIFICATION OF CHIEF EXECUTIVE FINANCIAL OFFICER
Pursuant to 18 USC. § 1350, As Adopted Pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002

In connection with the filing with the Securities and Exchange Commission of the Quarterly Report of Lakeland Industries, Inc. (the "Company") on Form 10-Q for the period ended April 30, 2024 July 31, 2024 (the "Report"), I, James M. Jenkins, Roger D. Shannon, Chief Executive Financial Officer President and Executive Chairman Secretary of the Company, certify, pursuant to 18 USC. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934; and

(2) (1) The Report fully complies with the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods described therein.

/s/ James M. Jenkins Roger D. Shannon

James M. Jenkins Roger D. Shannon

Chief Financial Officer and Secretary

Chief Executive Officer, President and Executive Chairman September 4, 2024

June 5, 2024

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