

December 7, 2021



## **Stran & Company, Inc. Reports 31% Growth in Revenue, 72% Increase in Gross Profit and Expanded Margins for the Third Quarter of 2021**

QUINCY, Mass., Dec. 07, 2021 (GLOBE NEWSWIRE) -- Stran & Company, Inc. ("Stran" or the "Company") (NASDAQ: STRN) (NASDAQ: STRNW), a leading outsourced marketing solutions provider that leverages its promotional products and loyalty incentive expertise, today provided a business update and reported financial results for the third quarter ended September 30, 2021.

### **Q3 2021 financial highlights:**

- Revenue increased 30.9% to \$10.9 million vs. \$8.4 million for Q3 2020
- Gross profit increased 72.0% to \$3.7 million vs. \$2.2 million for Q3 2020
- Gross margin increased to 34.0% vs. 25.9% for Q3 2020
- Operating income increased to \$1.0 million vs. \$0.1 million for Q3 2020
- Net income increased to \$0.7 million vs. a loss of \$0.2 million for Q3 2020

Andy Shape, President and CEO of Stran, commented, "Our strong financial performance reflects the successful execution of our business strategy. We achieved 31% revenue growth from increased sales to existing clients and recently-acquired customers, despite the loss of significant, non-recurring sales related to the U.S. census in 2020 and personal protective equipment, such as surgical masks, for the same period last year. At the same time, our gross margins increased to 34.0% compared to 25.9% for the same period last year. Overall, the outlook for the business is extremely bright. Not only do we anticipate continued organic revenue growth in 2022, but we are also exploring opportunistic acquisitions that we believe would be accretive and highly synergistic with our existing business."

"Following our recent IPO, we are well positioned to expand our market position as a leading provider of outsourced marketing solutions. In addition to branded products, we offer clients custom sourcing capabilities; a flexible and customizable e-commerce solution; creative and merchandising services; warehousing/fulfillment and distribution; print-on-demand; kitting/assembly services; point of sale displays; and loyalty and incentive programs. Importantly, we are undergoing a shift from largely transactional customers to recurring program offerings, whereby we are able to leverage our inventory management capabilities, technology platform, warehousing, and creative services, leading to long-term recurring revenue streams. With a larger sales force and other resources, we believe we can now convert more of our customer base from transactional customers into program clients with much greater long-term revenue potential."

Mr. Shape continued, “Although the promotional products industry is a \$25 billion market and growing, the industry is highly fragmented, with more than 40,000 providers and the largest market participant accounting for around 3% of the overall market as of 2019. We believe our infrastructure and reputation in the industry, illustrated by our growing Fortune 500 customer base, provides us the ability to capture market share both organically and through acquisitions. In addition to expanding our customer base, we are also deepening our penetration within existing customers, given our compelling value proposition and comprehensive offering to address all of their needs under one roof. Additionally, we are expanding within the broader combined \$387 billion product packaging, loyalty incentive program, printing and tradeshow markets. Looking ahead, we expect to continue to generate strong cash flow. We had a solid balance sheet at the end of the quarter and subsequently raised approximately \$20.7 million in gross proceeds from our recent IPO, which provides us a healthy runway to invest in new sales and marketing initiatives, explore accretive acquisitions, and invest in our technology infrastructure to drive even greater operational efficiency.”

Revenue for the three months ended September 30, 2021, increased 30.9% to \$10.9 million from \$8.4 million for the three months ended September 30, 2020. The increase was primarily due to higher spending from existing clients as well as capturing business from new customers and the acquisition of the Wildman Imprints assets, despite revenue being partially offset by the completion of the U.S. Census program in 2020, market saturation of personal protective equipment in 2021, a lack of in-person events, and businesses still not being fully reopened throughout 2021 as a result of the COVID-19 pandemic. Gross profit increased 72.0% to \$3.7 million, or 34.0% of sales, for the third quarter of 2021, compared to \$2.2 million, or 25.9% of revenue, for the same period last year. Operating income for the third quarter of 2021 increased to \$1.0 million for the third quarter of 2021, compared to approximately \$86,000 for the same period last year. Net income for the third quarter of 2021 increased to approximately \$724,000, compared to a net loss of approximately \$231,000 for the same period last year.

## **About Stran**

Over the past 26 years, Stran has grown to become a leader in the promotional products industry, specializing in complex marketing programs to help recognize the value of promotional products, branded merchandise and loyalty incentive programs as a tool to drive awareness, build brands and impact sales. Stran is the chosen partner of many Fortune 500 companies, across a variety of industries, to execute their promotional marketing, loyalty and incentive, sponsorship activation, recruitment, retention, and wellness campaigns. Stran provides world-class customer service and utilizes cutting-edge technology, including efficient ordering and logistics technology to provide order processing, warehousing and fulfillment functions. The Company’s mission is to develop long-term relationships with its clients, enabling them to connect with both their customers and employees in order to build lasting brand loyalty. Additional information about the Company is available at: [www.stran.com](http://www.stran.com).

## **Forward Looking Statements**

*This press release contains “forward-looking statements” that are subject to substantial risks and uncertainties. All statements, other than statements of historical fact, contained in this press release are forward-looking statements. Forward-looking statements contained in this*

press release may be identified by the use of words such as “anticipate,” “believe,” “contemplate,” “could,” “estimate,” “expect,” “intend,” “seek,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “target,” “aim,” “should,” “will” “would,” or the negative of these words or other similar expressions, although not all forward-looking statements contain these words. Forward-looking statements are based on the Company’s current expectations and are subject to inherent uncertainties, risks and assumptions that are difficult to predict. Further, certain forward-looking statements are based on assumptions as to future events that may not prove to be accurate. These and other risks and uncertainties are described more fully in the section titled “Risk Factors” in the final prospectus related to the public offering filed with the SEC and other reports filed with the SEC thereafter. Forward-looking statements contained in this announcement are made as of this date, and the Company undertakes no duty to update such information except as required under applicable law.

**Contacts:**

**Investor Relations Contact:**

Crescendo Communications, LLC  
 Tel: (212) 671-1021  
[STRN@crescendo-ir.com](mailto:STRN@crescendo-ir.com)

**Press Contact:**

Howie Turkenkopf  
[press@stran.com](mailto:press@stran.com)

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 30, 2021 (unaudited)	December 31, 2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 797,428	\$ 647,235
Accounts Receivable	7,266,366	5,679,580
Deferred IPO Costs	459,638	-
Due From Wildman	108,476	-
Inventory	3,911,474	2,499,049
Prepaid Corporate Taxes	14,645	-
Prepaid Expenses	197,606	122,516
Security Deposit	355,406	324,927
	<u>13,111,039</u>	<u>9,273,307</u>
<b>PROPERTY AND EQUIPMENT, NET:</b>	599,952	449,972

**OTHER ASSETS:**

Intangible Asset - Customer List, Net	1,983,896	2,216,128
Due From Stockholder	-	6,748
Right of Use Asset - Office Leases	1,169,489	1,358,517
	<u>3,153,385</u>	<u>3,581,393</u>
	\$ 16,864,376	\$ 13,304,672

**LIABILITIES AND STOCKHOLDER'S EQUITY****CURRENT LIABILITIES:**

Note Payable - Line of Credit	\$ 3,500,000	\$ 1,650,000
Current Portion of Long-Term Debt	3,858	153,133
Current Portion of Wildman Contingent Earn-Out Liability	874,882	402,730
Current Obligation under Right of Use Asset - Office Leases	305,438	299,765
Accounts Payable and Accrued Expenses	5,803,939	3,267,933
Accrued Payroll and Related	914,510	1,021,971
Corporate Income Taxes Payable	-	231,980
Deferred Income Taxes	159,838	-
Due to Stockholder	500,000	-
Unearned Revenue	620,842	564,227
Rewards Program Liability	43,878	173,270
Sales Tax Payable	96,014	73,010
Note Payable - Wildman	162,358	162,358
	<u>12,985,557</u>	<u>8,000,377</u>

**LONG-TERM LIABILITIES:**

Long-Term Debt, Net of Current Portion	146,042	766,829
Long-Term Wildman Contingent Earn-Out Liability	976,078	1,850,960
Long-Term Obligation under Right of Use Asset - Office Leases	864,050	1,058,752
	<u>1,986,170</u>	<u>3,676,541</u>

**STOCKHOLDER'S EQUITY:**

Common Stock, \$.0001 Par Value; 300,000,000 Shares Authorized, 10,000,000 Shares Issued and Outstanding	100	100
Retained Earnings	1,892,549	1,627,654
	<u>1,892,649</u>	<u>1,627,754</u>
	\$ 16,864,376	\$ 13,304,672

**STATEMENTS OF EARNINGS (LOSS) AND RETAINED EARNINGS  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

**(UNAUDITED)**

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
SALES	\$10,947,724	\$8,363,825	\$27,075,116	\$28,462,481
COST OF SALES:				
Purchases	6,362,217	5,813,427	16,435,550	18,460,993
Freight	860,813	385,262	2,478,457	1,284,732
	<u>7,223,030</u>	<u>6,198,689</u>	<u>18,914,007</u>	<u>19,745,725</u>
GROSS PROFIT	3,724,694	2,165,136	8,161,109	8,716,756
OPERATING EXPENSES:				
Bad Debt Expense	11,926	32,000	93,971	47,899
General and Administrative Expenses	2,677,175	2,047,478	8,239,161	6,667,643
	<u>2,689,101</u>	<u>2,079,478</u>	<u>8,333,132</u>	<u>6,715,542</u>
EARNINGS (LOSS) FROM OPERATIONS	1,035,593	85,658	(172,023)	2,001,214
OTHER INCOME AND (EXPENSE):				
Other Income	6,378	-	776,440	10,000
Interest Expense	(26,260)	-	(66,066)	(41,619)
	<u>(19,882)</u>	<u>-</u>	<u>710,374</u>	<u>(31,619)</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	1,015,711	85,658	538,351	1,969,595
INCOME TAXES:				
Current:				
State	-	88,725	76,338	118,300
Federal	3,730	227,952	37,281	303,936
	<u>3,730</u>	<u>316,677</u>	<u>113,619</u>	<u>422,236</u>
Deferred:				
State	78,800	-	44,800	-
Federal	209,313	-	115,038	-
	<u>288,113</u>	<u>-</u>	<u>159,838</u>	<u>-</u>

	<u>291,843</u>	<u>316,677</u>	<u>273,457</u>	<u>422,236</u>
NET EARNINGS (LOSS)	723,868	(231,019)	264,894	1,547,359
RETAINED EARNINGS, BEGINNING	<u>1,168,681</u>	<u>2,376,911</u>	<u>1,627,655</u>	<u>598,533</u>
RETAINED EARNINGS, ENDING	\$ 1,892,549	\$2,145,892	\$ 1,892,549	\$ 2,145,892

Source: Stran & Company, Inc.