

August 14, 2023



Stran & Company Reports 23% Increase in Six-Months Sales Year-Over-Year and Achieves Revenue of \$17.5 Million for the Second Quarter of 2023

Conference call to be held today at 10:00 AM ET

QUINCY, Mass., Aug. 14, 2023 (GLOBE NEWSWIRE) -- **Stran & Company, Inc.** ("Stran" or the "Company") (NASDAQ: SWAG) (NASDAQ: SWAGW), 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 three months ended June 30, 2023.

Andy Shape, President and Chief Executive Officer of Stran, commented, "We continue to execute on our business growth strategies, as evidenced by an 18% year-over-year increase in revenue for the second quarter of 2023 to \$17.5 million. Importantly, our organic sales increased 11% compared to the same period in the prior year. At the same time, our gross profit increased by 35% and gross profit margin improved to 29.1%. We are very proud of this organic growth and margin improvement given the current market environment and declining sales many competitors in our industry are experiencing due to pressure on marketing budgets. Rather than contracting, we are growing and capturing additional market share within the \$25 billion promotional products industry. We expect this trend to continue as we further refine and expand our outreach as well as leverage established relationships from our acquisitions."

"Each of our recent acquisitions brings strategic advantages, opening up new markets and new verticals to support our growth strategies. We are proud to have closed our acquisition of T R Miller in June, our largest acquisition to date, and progressing towards full integration of the business. Premier NYC, Trend Brand Solutions, and G.A.P. Promotions' businesses are now all fully integrated into the Stran business operations. While our primary focus now is on organic growth, we continue to identify potential acquisitions that expand our product offering and geographic footprint given our successful track record of acquiring and integrating companies within our organization. The fact that we have expanded our national reach, secured new customers, and entered into new verticals is a testament to our leadership status within the industry. Towards this end, we were recently acknowledged by the Advertising Specialty Institute, ranking us among the Top 40 distributors in the industry."

"While expenses have increased in the second quarter as a result of integration costs and onboarding personnel from the T R Miller acquisition, we are carefully monitoring expenses and expect to realize synergies from the integration of all of our acquisitions. Given our continued revenue growth and traction within the industry, we look forward to leveraging our fixed costs to drive margin expansion and long-term profitability. At the same time, we have

maintained a solid balance sheet with approximately \$25.5 million in cash and investments, allowing us to accelerate our marketing activities and pursue additional business opportunities that would complement and enhance our operations.”

Financial Results

Revenue increased 18.0% to approximately \$17.5 million for the three months ended June 30, 2023 from approximately \$14.8 million for the three months ended June 30, 2022. The increase was primarily due to higher spending from existing customers as well as business from new customers. Additionally, the Company benefited from the acquisitions of the assets of G.A.P. Promotions, LLC (“G.A.P. Promotions”) in January 2022, the assets of Trend Promotional Marketing Corporation (d/b/a Trend Brand Solutions) (“Trend Brand Solutions”) in August 2022, the assets of Premier Business Services (“Premier NYC”) in December 2022, and the assets of T R Miller Co., Inc. (“T R Miller”) in June 2023.

Gross profit increased 35.0% to approximately \$5.1 million, or 29.1% of revenue, for the three months ended June 30, 2023, from approximately \$3.8 million, or 25.4% of revenue, for the three months ended June 30, 2022. The increase in the dollar amount of gross profit was due to increased sales, partially offset by an increase in purchasing costs.

Net loss for the three months ended June 30, 2023 was approximately \$0.8 million, compared to a net loss of approximately \$0.4 million for the three months ended June 30, 2022. This change was primarily due to an increase in operating expenses and an increase in purchasing costs. These factors were partially offset by the increase in sales during the three months ended June 30, 2023 from the acquisition of the assets of each of G.A.P. Promotions, Trend Brand Solutions, Premier NYC, and T R Miller, and the increase of recurring organic sales during the three months ended June 30, 2023 compared to the three months ended June 30, 2022.

Conference Call

The Company will host a conference call at 10:00 A.M. Eastern Time today to discuss the Company’s financial results for the second quarter of 2023 ended June 30, 2023, as well as the Company’s corporate progress and other developments.

The conference call will be available via telephone by dialing toll free 888-506-0062 for U.S. callers or +1 973-528-0011 for international callers and using entry code: 227668. A webcast of the call may be accessed at <https://www.webcaster4.com/Webcast/Page/2855/48888> or on the Company’s Investors section of the website: ir.stran.com/news-events/ir-calendar.

A webcast replay will be available on the Company’s Investors section of the website (ir.stran.com/news-events/ir-calendar) through August 14, 2024. A telephone replay of the call will be available approximately one hour following the call, through August 28, 2023, and can be accessed by dialing 877-481-4010 for U.S. callers or +1 919-882-2331 for international callers and entering conference ID: 48888.

About Stran

Over the past 27 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 promotional programs manager 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.

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 Company's periodic reports which are filed with the Securities and Exchange Commission. 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.

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BALANCE SHEETS

| | June 30, 2023 | December 31, 2022 |
|--------|------------------|----------------------|
| ASSETS | (unaudited) | |

CURRENT ASSETS:

| | | | | |
|--------------------------|----|-------------------|----|-------------------|
| Cash | \$ | 15,271,199 | \$ | 15,253,756 |
| Investments | | 10,277,690 | | 9,779,355 |
| Accounts Receivable, Net | | 13,958,984 | | 14,442,626 |
| Deferred Income Taxes | | 1,542,000 | | 841,000 |
| Inventory | | 5,820,887 | | 6,867,564 |
| Prepaid Corporate Taxes | | 87,459 | | 87,459 |
| Prepaid Expenses | | 695,711 | | 386,884 |
| Deposits | | 1,976,439 | | 910,486 |
| | | <u>49,630,369</u> | | <u>48,569,130</u> |

PROPERTY AND EQUIPMENT, NET: 1,294,568 1,000,090

OTHER ASSETS:

| | | | | |
|---|----|-------------------|----|------------------|
| Intangible Assets - Customer Lists, Net | | 10,711,939 | | 6,272,205 |
| Right of Use Asset - Office Leases | | 1,470,140 | | 784,683 |
| | | <u>12,182,079</u> | | <u>7,056,888</u> |
| | \$ | 63,107,016 | \$ | 56,626,108 |

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

| | | | | |
|--|----|-------------------|----|-------------------|
| Current Portion of Contingent Earn-Out Liabilities | \$ | 3,186,825 | \$ | 1,809,874 |
| Current Portion of Lease Liability | | 676,036 | | 324,594 |
| Accounts Payable and Accrued Expenses | | 3,012,379 | | 4,051,657 |
| Accrued Payroll and Related | | 997,008 | | 608,589 |
| Unearned Revenue | | 2,290,639 | | 633,148 |
| Rewards Program Liability | | 8,875,000 | | 6,000,000 |
| Sales Tax Payable | | 291,438 | | 365,303 |
| Note Payable - Wildman | | 162,358 | | 162,358 |
| | | <u>19,491,683</u> | | <u>13,955,523</u> |

LONG-TERM LIABILITIES:

| | | | | |
|---|--|------------------|--|------------------|
| Long-Term Contingent Earn-Out Liabilities | | 4,883,265 | | 2,845,944 |
| Long-Term Lease Liability | | 762,946 | | 460,089 |
| | | <u>5,646,211</u> | | <u>3,306,033</u> |

STOCKHOLDERS' EQUITY:

| | | | | |
|---|--|------------------|--|------------------|
| Common Stock, \$.0001 Par Value; 300,000,000 Shares Authorized, 18,540,834 and 18,475,521 Shares Issued and Outstanding as of June 30, 2023 and December 31, 2022, respectively | | 1,855 | | 1,848 |
| Additional Paid-In Capital | | 38,416,582 | | 38,279,151 |
| Retained Earnings | | <u>(449,315)</u> | | <u>1,083,553</u> |

| | | | |
|--|-------------------|--|-------------------|
| | <u>37,969,122</u> | | <u>39,364,552</u> |
| | \$ 63,107,016 | | \$ 56,626,108 |

**STATEMENTS OF EARNINGS (LOSS) AND RETAINED EARNINGS
THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(UNAUDITED)**

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

| | | | | |
|--|------------|------------|-------------|------------|
| PROVISION FOR INCOME TAXES | (307,957) | (42,210) | (671,957) | (219,265) |
| NET EARNINGS (LOSS) | (838,330) | (447,443) | (1,532,868) | (993,257) |
| NET EARNINGS (LOSS) PER COMMON SHARE | | | | |
| Basic and Diluted | \$ (0.05) | \$ (0.02) | \$ (0.08) | \$ (0.03) |
| WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING | | | | |
| Basic and Diluted | 18,540,834 | 19,971,552 | 18,540,834 | 19,971,552 |



Source: Stran & Company, Inc.